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Canada-Dominion-Provincial Relations, Royal
"Commission on, 1937

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

^{Hearings}
REPORT OF PROCEEDINGS

[British Columbia]

Vol. 4, Pt. 1-2

MAR 24 1938 — Mar. 25, 1938

REPORTERS:

George Thompson
John Robertson
David Torry

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

VICTORIA, BRITISH COLUMBIA, MARCH 24, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Victoria, British Columbia, on Thursday, March 24, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
)	
JOHN W. DAFOE, Esq.)	Commissioners
)	
DR. ROBERT ALEXANDER MACKAY)	
)	
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Adjutor Savard, Esq.	Acting Secretary
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE GOVERNMENT OF BRITISH COLUMBIA:

Hon. T. D. Pattullo, K.C.	Premier
Hon. W. deB. Farris	Counsel
Hon. G.M. Weir	Minister of Education
Hon. G.S. Wismer	Attorney-General
Hon. John Hart	Minister of Finance
Dr. W. A. Carrothers	Chairman of the Economic Council.
Hon. J. B. Munro	Deputy Minister of Agriculture
Mr. F. G. Green	Surveyor-General
Mr. E. G. Rowebottom	Deputy Minister of Trade and Industry

FOR THE CATHOLIC MINORITY OF
THE PROVINCE OF BRITISH COLUMBIA:

Mr. M. J. Griffin Counsel

FOR THE YOUNG LIBERAL ASSOCIATION:

Mr. D. M. Owen Representative

FOR THE BRITISH COLUMBIA LIBRARY ASSOCIATION:

Mr. John Ridington Representative

FOR THE CANADIAN ASSOCIATION OF SOCIAL WORKERS
(BRITISH COLUMBIA MAINLAND)

Mr. S. F. Davidson Representative

FOR THE PRIMARY PRODUCTS PUBLISHING COMPANY:

Mr. B. Gardom President

Parliament Buildings,
Victoria, B.C.,
March 24, 1938.

MORNING SESSION

The Commission met at 10.30 A.M.

THE CHAIRMAN: The first brief this morning is, I believe, that of the Catholic minorities.

HON. MR. FARRIS: Before any witnesses are called, there are some questions which were asked with regard to statistical information. If you would like to have those questions answered now, I could do so.

THE CHAIRMAN: Yes, we will take that matter up now.

HON. MR. FARRIS: The first question asked was, "What percentage in value are the exports of British Columbia as sold in Great Britain?" The answer to that question is here. Do you wish me to read it into the record or merely file it?

THE CHAIRMAN: You might read it into the record, Senator Farris.

HON. MR. FARRIS: The figures given for the exports of British Columbia to the United Kingdom are, in 1934 \$22,596,783, in 1935 \$27,276,742. British Columbia's total export, excluding trade with other provinces, in 1934 amounted to \$68,245,075. In 1935 it amounted to \$84,684,711. The exports to the United Kingdom as a percentage of total exports, in 1934, would amount to 33.11 per cent and in 1935 to 32.21 per cent.

THE CHAIRMAN: You have not the figures for 1936 or 1937, have you?

HON. MR. FARRIS: No, they are not available.

THE CHAIRMAN: This is an answer to question 16, is it?

HON. MR. FARRIS: Yes, there is another part to Question 16 dealing with the estimated British Columbia exports to countries with whom Canada had a trade agreement in 1934 and 1935. I will just read this into the record

in the form in which it is given here. I quote:

ESTIMATED BRITISH COLUMBIA EXPORTS TO COUNTRIES WITH
WHOM CANADA HAD A TRADE AGREEMENT IN 1934 and 1935

	British Columbia exports	
	1934	1935
Union of South Africa	\$ 738,699	\$ 872,321
British West Indies	581,620	257,134
France	834,621	612,154
Irish Free State	206	---
United Kingdom	22,596,783	27,276,742
Australia	5,341,197	5,527,249
New Zealand	479,959	535,264
	<hr/>	<hr/>
	\$ 30,573,092	\$ 35,080,864

British Columbia total export (excluding trade with other provinces)	\$ 68,245,075	\$ 84,684,711
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Export to Trade Agree- ment Countries as a percentage of total exports	44.798%	41.425%
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This brings us down to some other figures in connection with some information for which Mr. Stewart asked pertaining to our brief. These will be rather lengthy -- do you wish me to read them?

THE CHAIRMAN: Would it be convenient for you just to hand them to our secretary, or to Mr. Stewart? They can be marked and if there is any further light which Mr. Stewart desires upon them he can ask for it later.

HON. MR. FARRIS: Yes, I will do that.

THE CHAIRMAN: We will now hear from the Catholic minorities.

MR. M.J. Griffin, Counsel for the Catholic Minority of British Columbia, was called.

MR. GRIFFIN: Mr. Chairman, and members of the Commission, it is my privilege to present to you a brief which has

been prepared by the Archbishop of Vancouver, the Vicar Apostolic of the Yukon and Prince Rupert, the Bishop of Nelson and the Coadjutor of the Yukon and Prince Rupert. This brief is being presented on behalf of the Catholic minority in the province of British Columbia and with the permission of the Commissioners, I will proceed to read the brief. It is a comparatively short one and it reads as follows:

"To the Royal Commission on
Dominion Provincial Relations

The Catholic people of the province of British Columbia, forming approximately one-sixth of the entire population of the province, beg to submit for the consideration of the Royal Commission the present unfair inequality under which the Catholic minority of this province labour in the matter of education.

While education is a matter which comes under the jurisdiction of the province and not of the Dominion, and while in the proposed readjustment of Dominion-provincial relations there is no desire on our part to see the province's rights in the matter of education withdrawn or curtailed, yet we feel that we should not let the occasion pass without reviewing this matter and placing it before the Royal Commission and so, indirectly, before the Government of our Dominion, more especially since the fairness and justice of Catholic claims to exemption from taxation and government support for their schools has for many years been recognized by seven out of nine provinces of Canada, British Columbia and Manitoba being the only exceptions.

At the outset may we make clear the purpose of our Catholic people in presenting their present demands by quoting the Encyclical letter of His

Holiness Pope Pius XI, dated December 31, 1929, which expresses admirably the Catholic viewpoint on the question of Catholic schools for Catholic children.

"Let it be loudly proclaimed" writes His Holiness, "and well understood and recognized by all, that Catholics, no matter what their nationality, in agitating for Catholic schools for their children, are not mixing in party politics, but are engaged in a religious enterprise demanded by conscience. They do not intend to separate their children either from the body of the nation or its spirit, but to educate them in a perfect manner, most conducive to the prosperity of the union."

We only quote the above to indicate definitely that the matter of maintaining Catholic Schools is one binding in conscience on our Catholic people.

We submit that the question of government aid and support of Catholic schools is a question of distributive, social justice affecting a large portion of the population of this Province. The present situation by which Catholics are obliged for the sake of conscience to maintain their own schools while at the same time contributing by taxes to the upkeep of the Public School system works a hardship upon the Catholic people of this province and is actually an unfair, heavy burden carried by them.

We submit that it is the duty of this province to give such assistance to our Catholic schools as justice and fairness demand. That this can be done to the full satisfaction of families, and to the advantage of education likewise is clear from the actual experience of other provinces of the Dominion

where legislation respects the educational rights of minorities."

I could augment that, Mr. Chairman, perhaps by reference to the situation in the various provinces, but I will not do so unless you make a request for the information. I continue to read from the brief:

"We beg to point out that this problem should not be considered as a religious issue or an attempt to divide the people of this province along sectarian or racial lines. Neither are our demands in any spirit of opposition to the system of public and high schools organized and conducted under our school laws which we regard as essential for the well-being of the community and province.

By the B.N.A. Act the rights of minorities were recognized and protected. Indeed this is of the very essence of the constitution of any democratic state or nation. In virtue of the B.N.A. Act and thanks to the tolerance and clear vision of Canadian statesmen of that day, both non-Catholic and Catholic, the rights of the minority in educational and other matters were recognized and safeguarded. This question of minority school rights has been a problem in every province of Canada from the Atlantic to the Rocky Mountains and the people of each Province with the exception of Manitoba with mutual confidence have resolutely faced and solved it. That this was done without prejudice to the province, school or children is a manifest proof that with good will and tolerance any province may find a workable solution.

The present Minister of Education in this province, the Honourable George Weir, in his book

published in 1934, "The Separate School Question in Canada" concludes his review of the situation by saying: "While, in the writer's judgment, the separate or dissentient school laws of the prairie provinces, Ontario and Quebec are like every product of human ingenuity, not above criticism, he has no reason or desire to impugn the good intentions of the different Legislatures in passing them. If the great problems of nation-building are to be satisfactorily solved in Canada, there can be no place for racial animosities, religious prejudice, coercive attempts to secure educational uniformity, nor yet for bitter controversy. Not until the leaders in thought and public life in Canada are actuated by a spirit of tolerance and goodwill toward all classes and creeds can there be any real promise of the 'far-flung provinces of the Dominion rising to the level of their potential greatness'."

Might I refer to one phrase in the last paragraph in which the Hon. Mr. Weir said that there can be no place for coercive attempts to secure educational uniformity. I continue to quote from the brief:

" May we submit also that Catholic schools as conducted in the province of British Columbia should by no means be classed with private schools conducted for profit, for although a nominal fee is set for our pupils and paid by their parents this is not insisted upon or demanded where the children are of poor parents or unable to pay, and such are accepted without any fee whatsoever. The amounts collected are rarely sufficient to cover overhead expenses incidental to the operation of the schools and special appeals have often to be made to our people

for financial assistance.

We wish to point out that our system of schools as established and maintained follows the curricula of studies set for the public and high schools in this province, thereby giving the pupils the same course of study, but in addition, religious instruction and training which it is felt by us is so essential to the proper education of youth. Our teachers are well qualified and a high standard of education is maintained. The pupils from these schools regularly take the examinations set by the Department of Education from year to year.

The first schools in British Columbia as in other provinces had no state support. Education became recognized as a state responsibility when the first School Act was passed in 1865. At that time representation was made to secure support for Catholic Schools but without success."

May I interrupt the reading of the brief with a statement for which I have no written authority. At the time of Confederation the only schools in the colony operating efficiently were two schools operated by Catholic religious institutions at Victoria. There were other schools but they had not been able to obtain any support from the existing government or the public and the whole burden was being borne by the two catholic institutions which are still operating.

I continue to quote from the brief;

" On or about 1883, Bishop D'Herbomez in the name of the Catholic Bishops of British Columbia, made application by way of petition to the Legislative Assembly of the Province for recognition of Catholic school rights but without avail."

Now, I would like, with your permission, to quote very briefly from that petition. Strange as it may seem, I have a pen and ink copy of that petition as it was presented in 1883. It is very difficult to read from the pen and ink copy, and in order to save time I will read from another copy.

THE CHAIRMAN: Will that add anything to the point which you have made in your brief?

MR. GRIFFIN: I think not, my Lord, and if you would prefer, I will not read it.

THE CHAIRMAN: I do not want to interrupt you, but it is set out very clearly in your brief.

MR. GRIFFIN: I think, then, I can pass up the actual quotation from the petition, the nature of which you can anticipate. I will quote very briefly from an encyclical letter of the Bishop of Victoria in 1883, dated March 8. This indicates the situation as it existed at that time. In writing to his superior, the Vicar Apostolic of the province, he says this; -- I have had a translation made from the French, and the translation is understandable, but not necessarily fluent. The letter is from the Reverend Jean B. Brondel, Bishop of Victoria, to Monseigneur L.J. D'Herbomez, O.M.I., Vicar Apostolic of British Columbia. After mentioning the petition and his efforts to have it brought before the legislature, he says,

" I wrote to Mr. Smythe, the Premier, who did not reply for three days, when I was able to speak to him. The same day I was at the house of Mr. Duck, member for Victoria, who had promised his support. He presented it (the petition) on the 2nd, and on the 5th it was ordered to be read and printed and has become public. I saw the premier, who said that he did not believe that we would yet be able to obtain

what we sought. He was very polite, recognized the justice of our cause, but thought that time would bring the necessary changes."

He goes on to indicate that we must persevere in our efforts and make known our problem. I only quote that to indicate that for fifty-five years the minority group in British Columbia has been waiting for time to bring about the necessary changes. If this is not the right time, it may come yet. I continue to quote from the brief:

" In 1930, in the name of the Catholic people of British Columbia, a petition was addressed to the Government of this province by the Catholic Bishops asking exemption from taxation for Catholic schools in the province of British Columbia. This petition was not granted.

Again in a petition dated February 15, 1932, a similar petition asking for the same relief was presented to the provincial government signed by the Catholic Bishops and by Catholic lay representatives of every Catholic parish in this province as well as by representatives of the principal Catholic lay organizations, the Knights of Columbus, Holy Name Societies and the Catholic Women's League.

Both these petitions pointed out facts already mentioned in this brief, namely, that Catholic schools are maintained through conscientious motives, and not in any spirit of opposition to the Public school system, that Catholic schools follow the same curricula as the public schools of the province; that the teachers in these schools are well qualified and the pupils regularly take the Department of Education examinations; that our schools are not

conducted for gain; that they are built and maintained without any cost to the municipality; that they save the municipality each year the money that otherwise would be required for the education of the Catholic children attending these schools; that the City of Vancouver by its charter exempts Catholic schools from taxation; that taxation of Catholic schools is not in accordance with the policy of other provinces; that Catholics are bearing an unfair burden in the matter of education; and that exemption from taxation of Catholic schools would work no hardship upon any municipality."

Subject to your direction, my Lord, I have some figures to present which appeared in an article by the Archbishop of Vancouver. In an address to his people he gives the actual figures on the capital investment in schools in the city of Vancouver, as well as elsewhere in the province. These figures show how much it is estimated the different municipalities and the province save by reason of the fact that we are educating some six thousand pupils free of charge to the public.

THE CHAIRMAN: You might file it with the brief, for reference, and if there are any points which you wish to stress, you may do so.

MR. GRIFFIN: I would just like to stress the importance of one or two of the figures, with your permission, and file it with the brief so you will have it before you. In the city of Vancouver we operate fourteen schools, in which are educated 443 high school pupils and 2200 elementary school pupils.

THE CHAIRMAN: The Catholic minority has its own high schools in Vancouver has it?

MR. GRIFFIN: It has a certain number, yes. Only

recently building was commenced in St. Patrick's Parish for a new high school. The cost of this building is put at about \$50,000, the cost of which will be a direct charge upon the Catholic minority and the people who have to support it. Outside the city, in the province, we have, unfortunately, only thirteen schools in ten different places.

THE CHAIRMAN: In the district in which you do not have separate schools, I suppose the Catholic children attend the public schools, do they?

MR. GRIFFIN: Of course, the law obliges them to attend school, Mr. Chairman, and undoubtedly they do. If we had more money available we would provide more schools. In the city of Vancouver, the Catholic people have a capital investment of \$943,000. In the city, these schools are attended by 443 high school pupils and 2,200 elementary pupils. The official estimation of the cost per pupil to the city is \$72.52, and to the province which shares the burden of education \$11.40. It will thus be seen that the Catholic schools each year save the city approximately \$200,000. and the province approximately \$30,000. for operating expenses alone.

Outside the city of Vancouver, there is an investment of approximately \$800,000. in Catholic schools. There are 2,000 children in the elementary grades and 200 in the high school grades. They save the province and the municipalities approximately \$190,000. a year for operating costs alone, based on the same per capita costs as above. These are the figures I wished to have before you, and I will endeavour to file something which will cover the figures more accurately. I had referred to the former representations made on behalf of our people, to show that representations had been made from the earliest times to seek redress of their grievance. I continue now to quote

from the brief:

"There is another question which may soon have a bearing upon this school problem of our province and which we wish to draw to the attention of the Royal Commission, since it is a matter concerning both Federal and Provincial authorities.

The press has stated that negotiations are actually in progress between the government of British Columbia and the federal government with a view of annexing to the province, the territory of the Yukon. In a public statement made in Vancouver, the present premier of the Province of British Columbia, the Hon. T.D. Pattullo, has said that he will do everything possible to advance such a plan, which will include not only the Yukon territory, but a portion of the Mackenzie basin, now part of the Northwest Territories.

It is not our purpose in this brief to oppose such a plan, but we submit that if and when the annexation comes to pass, Catholic education ought to be protected, and the school rights enjoyed by the Catholic minority in the Yukon, extended to the whole province of British Columbia as then constituted.

In both the Northwest Territories Act and the Yukon Act, the rights of the Catholic minority have been protected."

I can give the quotations from that Act, if necessary your Lordship.

THE CHAIRMAN: No, it is not necessary to quote it.

MR. GRIFFIN: In that event, I will continue to quote from the brief:

"We submit that with the inclusion of these territories into the province of British Columbia, the educational rights guaranteed to the Catholic population of the Yukon and Northwest territories by Statute should not be taken away. And we further suggest that the time of such an adjustment of the boundaries of the Province of British Columbia and the Yukon, should provide a suitable occasion to render justice to the whole Catholic population of the newly defined province.

The Catholic people of this province are, and always have been, loyal to the ideals of Confederation. Moreover, our Catholic people in this province are most anxious that a broad and tolerant understanding should be maintained between the provinces of the east and the provinces of the west, in order that great problems which face our nation as a whole may be solved with mutual profit to all.

We cannot, however, help protesting as Canadians our unfair inequality in educational matters in this province, especially when we see our co-religionists in the other provinces of Canada (with the one exception of Manitoba) enjoying equitable consideration which Canadian principles of democracy and justice demand.

We feel that your Commission, the scope of whose work has brought it in contact with the problems of every province, will realize that the condition of the Catholics of British Columbia does not harmonize with the mind and policy of the Canadian nation as a whole, and that the actual hardships which our people bear for the sake of conscience in educational matters, present a situation, not only

"deterimental to the welfare and advancement of the province in general, but also a burden which no group of Canadian citizens should be forced to endure.

We present this question to you in the hope that our present position and just demands may be better known and understood by the provincial and Dominion governments, by the people of British Columbia, and by the Canadian nation. We present it, too, in the hope that your Commission may be able to advise the governments concerned on a question of so great concern to one hundred thousand Catholics in the province of British Columbia, and that you may see your way clear to recommend that the Catholic people of this province be accorded the same recognition in educational matters, as enjoyed by their co-religionists in the other provinces.

All of which is respectfully submitted this 11th day of February, 1938.

Signed on behalf of the Catholic people of British Columbia.

William Mark Duke,

Archbishop of Vancouver.

Emile M. Bunozy, O.M.I.

Vicar-Apostolic of the Yukon
and Prince Rupert.

John C. Cody,

Bishop of Victoria.

Martin M. Johnson,

Bishop of Nelson.

Jean Coudert, O.M.I.

Coadjutor of Yukon and
Prince Rupert."

Mr. Chairman, and members of the Commission: I am now prepared to answer any inquiries which you may wish to direct to me on any of these points which have been raised. I have a few remarks to add, but I can defer them for the moment, if you wish.

THE CHAIRMAN: No, of course, your brief will receive the same careful consideration by this commission, which we are giving the other briefs. However, if you could point out in what respects you think this brief falls within the scope of the functions of this Commission, it would be helpful to us. Is it not a problem wholly within the competence of the province of British Columbia? If you can throw any light upon that problem, it might be helpful to us.

MR. GRIFFIN: I am not entirely unprepared, Mr. Chairman, for this suggestion which you raise now. With some diffidence, I will embark upon a short effort to establish that there is good grounds within the terms of the Commission for your consideration of this matter. Taking the rather helpful words from paragraph B of Section 3 in the statement of instructions, I find the expression, "To determine whether taxation, as at present imposed, is as equitable as can be devised. This goes a long way, but it is, of course, taking only the words which I want. It is a foundation, I submit, it is something from which to start. Particularly, as I feel we have an opportunity of putting ourselves before the commission on other grounds. There is a grave possibility, as is all too apparent from the various preliminary representations in this document,

that the taxing power of the province is very likely to be increased, or certainly the province would like it so. The province might even need it increased. It also

indicates that there is an expansion of governmental services to a degree not foreseen at the time of Confederation. One of the governmental services which was not foreseen at the time was the rather high-class schools which are now demanded by the public. This involves medical treatment, possibly dental treatment, courses in manual training and domestic science, all of which are deemed necessary but which were not anticipated.

Further, I observe in paragraph four that the revenue sources of the provincial governments are not adequate to enable them to discharge their provincial responsibility. The provincial governments would like an increased source of revenue. I will attempt to show you where that pinches us. In order to carry on these various social services, the provinces say that new sources of revenue must be allotted to them or their constitutional responsibilities, the governmental burden, reduced. If the taxation powers of the province are to be increased, then surely the one-sixth of the population which is already overburdened by taxation by their own conscience bound obligations, should be considered. Further, I submit, that through the views of British Columbia, the union of British Columbia and the Yukon will undoubtedly be considered. As to what will take place in this territory, where there is now a provision for separate Catholic schools, it is hard to say. The Dominion government ought to be advised what the situation is exactly.

THE CHAIRMAN: If the government of British Columbia had brought the Yukon question before us and we had been called upon to consider it, then this consideration, of course, would have been an issue. However, the government has not brought this question before us, they are dealing with the Dominion government. I think this is

a sound view, myself. Is it not a question which should be taken up with the provincial government or the Dominion government or both? We will not be dealing with the question, because it has not been brought before us.

MR. GRIFFIN: Perhaps, I should drop consideration of that matter in view of the opinion which has been expressed.

THE CHAIRMAN: It is not an opinion, I just want to point out the fact that the Yukon negotiation is not before us. If it were, this submission in relation to the Yukon would be strictly in order.

MR. GRIFFIN: The Chairman and gentlemen feel, apparently, that they are not able to take notice of the fact that this question is very much in the wind. It will undoubtedly arise.

THE CHAIRMAN: We have so many problems to consider that we do not want to pick up any more than are in the wind.

MR. GRIFFIN: Interest in these matters might, and has made itself felt in situations such as this. A good many years ago, I have not the date but it would be some time before 1877, there was a great deal of ill feeling over this question in the province of New Brunswick. There was a great deal of illfeeling and trouble resulted from the taxation of Catholic schools. The Catholic refused to pay the tax. The government or some authorities, went to the Bishop's place in order to enforce payment, and the situation became so acute that the Dominion government was forced to step in. I am advised that the Dominion government made it clear that something had to be done; they had to get together. The situation became so acute that the Dominion had to do so, and it did. There was

a gentleman's agreement--that is not a very good word these days--which was made between the two parties. Under this agreement, the Catholics provided and built the schools and the province maintained them. This system has been working very well and has been operating in the other maritime provinces.

No one would possibly want a situation so acute to arise in this province; I do not begin to threaten or suggest that it will.

THE CHAIRMAN: I think if a war situation arose, Senator Farris would admit that the Dominion had jurisdiction.

MR. GRIFFIN: I think I have said, Mr. Chairman, what little I can say on this subject. If you feel that this matter does not properly come within your jurisdiction, there is one thing I would like you to do, if you could. Could you include in your report a statement to the effect that this brief had been read and received? Then, you could say, from this it appears that there is an inequitable and unfair situation prevailing in this province. There is undoubtedly the need for further investigation of these facts by the responsible parties. There is undoubtedly a hardship worked upon one-sixth of the population. I feel that if that were on the record it would be a step in the right direction.

THE CHAIRMAN: Thank you, Mr. Griffin, for your very clear presentation of the point of view of the Roman Catholic minority in this province and for the reasons which you have given as to why this should be within the competence of the Commission. I can only say that the matter will receive our most careful consideration.

COMMISSIONER ANGUS: There is a statement to the effect

that the city of Vancouver, by its charter, exempted Catholic schools from taxation. Are schools taxed in other municipalities?

MR. GRIFFIN: I think they are, I think I can find substantiation for that statement. The city does not, in terms exempt Catholic schools.

COMMISSIONER ANGUS: It would exempt private schools as well, would it?

MR. GRIFFIN: I think that would be so; I think I have some figures here on the taxes paid. This is from a statement by the Archbishop in an address to his people on January last, these Catholic schools outside the city of Vancouver, besides contributing to the public schools pay taxes on their own buildings and lands of approximately \$9,000 a year.

COMMISSIONER ANGUS: My point is that the request for exemption of these schools from taxes is a different one altogether from that of not taxing Catholics for the support of schools which they had not done?

MR. GRIFFIN: Yes, the granting of exemption from taxation throughout the province is a very small thing in itself. There are two methods by which an equitable distribution could be accomplished. One is the method in force in the prairie provinces, whereby a certain portion of the person's taxes are allocated to the Catholic schools. The other system is that which is in force in the maritime provinces, where an arrangement is made between the Protestants and the Catholics whereby the Catholic people supply the schools and the province maintains them. The province pays the cost of fuel, light and janitor service, and pays the teachers. It is just a matter of which ever form is the most economical from the province's point of view, I do not know. Personally, I think the cheapest

for the province is that form which is being carried out in the maritime provinces. I think that if that could be brought about it would be most satisfactory to the Catholic community. It might result in the building of many more schools by the Catholic people.

THE CHAIRMAN: I see Dr. Weir is present and he has heard your presentation as well as we have. Thank you very much Mr. Griffin.

COMMISSIONER SIRGIS: What is the exhibit number of that brief?

MR. STEWART: That will be exhibit number 208

EXHIBIT NO. 208: Brief of the Catholic
Minority of the
Province of British
Columbia.

(Page 5710 follows)

THE CHAIRMAN: The next is the Young Liberal Association of Vancouver. Mr. Owen, you are presenting the brief for the Young Liberal Association.

MR. D.M. OWEN, was called.

MR. OWEN: My Lord, and gentlemen of the Commission, it is my privilege today to present the views of a certain section of youth of this province; namely, the Vancouver Young Liberal Association. May I say at the outset, it has been our understanding that the Commission is interested in obtaining the views and the opinions of all sections of the population. With that in mind, and assuming that to be so, we have not prepared in detail a brief, but have merely presented to you a series of resolutions which raise certain general propositions that we feel are expedient in order to solve these problems of national importance.

The Government of this province has presented a brief, combining a request for better terms for British Columbia along with their general suggestions as to the solution of these national problems. I have no hesitation whatever, on behalf of our Association, in supporting the contentions for better terms for British Columbia. We feel that the suggestions made by the Government are quite necessary and adequate. We are not attempting to duplicate those suggestions in any way, but, as young people, we are concerned more with the national aspect, the second phase of the Government's presentation, and that is what I am intending to present to you gentlemen today, - certain propositions of national importance which we wish to submit.

To start off with the promises, gentlemen, whereas a certain amount of local autonomy is absolutely essential, will always be so, it is our opinion, that

wherever possible there should be a centralization of government service, both for efficiency and economy. The British North America Act was established in 1867 to solve the problems of Canada as they existed at that time, with two things in view, I submit: First of all, to unite the colonies of British North America, and in a union which would recognize certain social and racial conditions in the various parts of the country. Secondly, to attempt to solve the economic problems of the day, as they existed in the British North America Colonies.

In regard to the first proposition, we can only say this: That we do not support any attempt to forego any of the commitments of Confederation, such as separate schools, for example. Our submission today deals rather with this proposition: That the economic problems of 1867 are different from the economic problems of 1938, and that our constitutional structure as formulated in 1867 is inadequate to solve those problems. In 1867 the problems were of ^alocal and of an independent nature. The Government was local and independent, business was local and independent. Today, however, we find everything of a national nature and of a dependent nature. Now, we presume, gentlemen, that this Commission is attempting to solve the problems of British Columbia as well as the problems of every other province in Canada. Providing that there is no discrimination against British Columbia, we fail to see any reason or any difference as to whether the authority is given to the Federal Government or to the Provincial Government, as long as the ultimate effect is to help the rising generation. We submit that we represent a certain section of that rising generation.

British Columbia's terms, or claims for better terms, or more equitable terms under Confederation, are submitted

by us, as I said before, in the light that we regard those claims rather as a miscarriage of the contract of Confederation. We are not going to attempt in any way, shape or form, to amplify those claims today. We are satisfied that the presentation made by the Premier and by Senator Farris are quite adequate. We do believe, however, that in addition to those claims that there are other proposals worthy of consideration by this Commission; that there should be some actual adjustment of the terms of Confederation.

Now, there seems to be a widespread recognition of the fact that the control of unemployment insurance, control of unemployment problems, should be given to the Federal authority. There seems to be an indication of that throughout the Dominion. Concurrently, it seems to be recognized that there is a desirability of local provincial administration, with several adjustments, as to peculiar provincial conditions. That seems to be necessary. So that our contention is this: That it does not seem to matter so much as to in whose hands the authority rests, as long as the handling of the problem is done on the broadest possible basis, and in a manner satisfactory not only to the city of Vancouver, not particularly to the City of Prince Rupert or the province of British Columbia, or the province of Saskatchewan, but in a manner satisfactory to the whole of the Dominion of Canada.

British Columbia has been hampered - I say "hampered" advisedly, - the last few years, since Confederation particularly, by an influx of the seasonal unemployed from the other provinces of Canada. There seems to be a need for some adjustment, and that is why we submit this problem should be a federal responsibility.

THE CHAIRMAN: That is your first resolution:

"A": Control of measures for unemployment relief and unemployment insurance".

MR. OWEN: Yes, my Lord. But there are other social problems which we contend are equally national in importance, and should be given the same consideration on a national basis.

Now, gentlemen, I am not going to take the time of the Commission to deal with each and every one of the points, but merely present the points to you. If you wish me to read them ---

THE CHAIRMAN: You might read the resolutions, so that we will have them in the record.

MR. OWEN: Very well, my Lord. Commencing with Section 2, my Lord:

"That regardless of the fact whether the said British North America Act is revised completely or not, as aforesaid, that at least it be amended to provide for the complete transference of legislative authority on the following matters, from the Provincial sphere of government to the Federal sphere of government:

- (a) Control of measures for unemployment relief and unemployment insurance.
- (b) Control of trade commerce and transportation of whatever nature in all parts of the Dominion with express power to legislate on marketing problems."

Now, my Lord and gentlemen, I will go on to deal with sub-section (c), paragraph 2, which reads as follows:

- (c) Supreme authority to make treaties with other sovereign countries and to pass the necessary legislation to put such treaties into effect without the necessity of obtaining the sanction

of the various provincial governments."

Our submission is, that there are two parts to signing a treaty, there are two different duties involved. First of all, there is the duty to sign a treaty, - the right to sign a treaty; that is granted to Canada by the Statute of Westminster, 1931. But the second fulfillment to signing treaties, to pass the necessary legislation to carry the terms into effect, we submit that we find that the Federal government has not the power at the present time to carry certain acts of legislation into effect, because it is within the power of certain provincial governments to interfere, if they feel that they infringe on any of their local rights. I need only refer to certain labour conditions in the Treaty of Versailles, which have not been adopted by the Dominion of Canada as yet, because certain provincial Governments have withstood the passing of those terms. It seems to us, gentlemen, rather a ridiculous situation for a sovereign government to be placed in. We submit that the power of not only signing treaties on behalf of the Dominion of Canada, but the power of initiating legislation to carry the terms of those treaties into effect, should be granted to the Federal Government.

With respect to social legislation, I will read paragraph 2, sub-section (d):

"Control of all legislation of a social nature including old age pensions, mothers' pensions, health insurance, minimum wage, hours of work, etc., allowing individual provincial governments however to legislate in advance of any such federal enactments but not so as to retard the operation of the latter."

I think we are all in agreement when we say that we are all in favor of a higher standard of living for the people of Canada. We all believe that the standard should

be raised wherever possible. It is rather a fortunate thing that British Columbia, in respect to social legislation, stands foremost amongst the provinces of Canada. That, gentlemen, is a credit to our government, but who pays for this increased social service? The provincial Government has to initiate social legislation, because the Dominion Government are unable to. Who are going to pay for those increased services? It falls, ultimately, at least, on the business men of the country, on the industries of the province, and we find that because of this increased taxation, the cost of production is greater. We find that British Columbia's industries and British Columbia's business men are forced to compete with the business men and industries of Eastern Canada, and are at a distinct disadvantage mainly because our standard of living, our standard of social service, is greater than that of Eastern Canada. We advocate that there should be a better standard of living all across Canada; that British Columbia should not be saddled with that responsibility, to raise the standard of living, and that there should be a general level and standard conditions all across Canada, initiated by Federal Government. British Columbia would be able to legislate in advance of any such federal enactments, but not so as to retard the operation of those federal enactments.

Then sub-section (c) paragraph 2:

"(c) The sole right to levy taxes on the income of the individual. To offset the increased responsibility and expenditure necessitated by the additional powers as aforesaid."

Now, gentlemen, that is merely a suggestion, and in making that suggestion we believe that it seems to be generally understood that Governments, ostensibly, at least, can only spend the income they take in. Now,

that may have been deviated from by various governments in the past; after all, I am only dealing with generalities. If increased responsibility is given to the Federal governments, it seems only natural that they should have some increased source of income. It may be shown, - I am not prepared to debate that, - that the Dominion Government can assume these additional responsibilities, additional expenditures, without the necessity of increasing the source of revenue. If that is so, then of course this suggestion falls by the wayside. But if that is not so, in the event they cannot do that, we would suggest that they be given the sole right to levy the tax on income. The Dominion Government are in the field of taxation on income; it is rather a doubtful matter whether they will withdraw from that field.

COMMISSIONER ANGUS: You are not applying that to corporate income?

MR. OWEN: That would be included. That is a matter of detail which I am not prepared to argue, sir. In any event we suggest this, that the duplication in the collection of the Provincial income tax and the Dominion income tax be abolished. It seems to be a ridiculous situation where you have two departments set up for the collection of the same sort of revenue, and we would advocate doing away with that; whether the power be given to the federal government or provincial government is immaterial. In support of our suggestion, however, supposing it is necessary to grant the federal government further income, we would suggest that the loss to the British Columbia Government of some five million dollars raised annually through income tax, would be offset by the delegating of the responsibility for social legislation, which costs the government over \$5,000,000 annually, and the granting of the

responsibility for unemployment grants, which costs British Columbia's Government over \$5,000,000 annually, would be further offset by that. And we submit, in being relieved of this responsibility, the provincial Government would be able to grant this right for direct taxation on income.

That is only a submission, of course, on the assumption that it is necessary to grant the Dominion Government that further source of income. However, we do submit, gentlemen, that there should be one income tax, in any event.

In regard to sub-section "f":

(f) "The sole right to amend, vary and replace whenever the necessity arises the whole or any part of the constitutional structure of Canada. Furthermore the determination of the constitutionality of future legislative acts to be settled not by appeals to the judiciary committee of the Privy Council but by references to the Supreme Court of Canada."

I think that proposition is self-explanatory. It seems only right that the Dominion of Canada should be given, - as well as the other Dominions in the British Commonwealth of nations, - the right to amend its own constitutional structure. It has not that right today.

Regarding the second sentence in that sub-section, that is no reflection on the Privy Council. They can only carry out their work, after all, on the legislation which we give them on which to give their decisions. I would suggest it is not a criticism of the Privy Council or the Courts in our land, but there is a tremendous expense involved in taking cases to the Privy Council, when it is a question of cost more than anything

also.

COMMISSIONER DAFOE: Mr. Owen, am I right in interpreting that statement as implying the granting of power to the Dominion Parliament to amend by statute the Constitution of Canada?

MR. OWEN: No sir.

COMMISSIONER DAFOE: To pass a statute, and that is the end of it?

MR. OWEN: The first sentence?

COMMISSIONER DAFOE: Yes. How will the sole right be exercised?

MR. OWEN: Well, of course, that is a matter of detail which I am not prepared to argue today, sir.

COMMISSIONER ANGUS: Do you mean it is to be done in Canada or do you mean that the Dominion is to have power to do it without the consent of the provinces?

MR. OWEN: Yes sir.

COMMISSIONER ANGUS: Because that has no counter part in Australia. For instance, Australia can amend its constitution, but the states have to be consulted.

MR. OWEN: That would be a matter of detail which could be worked out. I am only stating a general proposition.

COMMISSIONER SIROIS: It is quite an important detail.

MR. OWEN: Yes, but as I said before, I am dealing in general propositions.

COMMISSIONER DAFOE: The other Dominions are unitary states; consequently, there is no difficulty.

MR. OWEN: It may be necessary, and in all probability it will be necessary to give the various provincial governments some right, but that is, as I said, a matter of detail.

In any event, gentlemen, we suggest, other than the question of cost, that our Supreme Court of Canada is more able to interpret the spirit of our enactments

and not so apt to confine themselves to the mere letter of the law.

Regarding section three:

(3) "That while some measure of local autonomy in matters of a purely local nature is necessary and essential, an attempt should be made to reduce the present unnecessary duplication in the cost of government by combining wherever possible the civil services and legislative offices of the various provincial governments with those of the federal government, eg. tax collection."

Tax collection is given as an example. We have to-day ten governments in Canada, and I suggest, on behalf of our association, that in all probability there is duplication. I am not going to say that there is duplication, but it would seem that there is. For instance, in the province of British Columbia we have three separate police forces. We have our municipal police, we have the British Columbia Government police, and we have the Dominion Mounted Police. We have also a separate department for obtaining voters' lists in this province; we have a separate income tax collection department; and we have separate fisheries service. I am giving these examples to show that it would seem there is duplication.

Then, going into the Federal field, we find that there are three governments in the prairie provinces, which, supposedly, have the same problems to deal with. There is no geographical distinction between the three provinces. Referring to the Maritime provinces, we find three governments there in an area less than that of British Columbia. I suggest that the government of British Columbia have taken a step in the right direction in suggesting annexation of the Yukon, and that they are

working in the right direction when they are endeavoring to take more responsibility from the Federal Government in enlarging their territory. I think that proposition should be carried out by the other provinces in Canada, in an endeavor to reduce the unnecessary duplication which seems to exist. Our own prime minister, the Right Honorable MacKenzie King, in 1935, advocated a Commission to eliminate the uneconomical duplication of government agencies, and mentioned specifically taxes, and also labour disputes. We have no hesitation in supporting that proposition.

Then, section 4:

"That while it is desirable for the sake of economy and efficiency to have governmental machinery centralized to as great a degree as possible, nevertheless the wishes of minority groups should be protected in matters which affect only that portion of the nation despite the fact that these matters may actually have been assigned to the Federal government's sphere of legislation; that to this end there should be in such an eventuality some provision for a referendum to be submitted to the people of the locality affected, and that the Federal government should take into account the results of such a referendum in its subsequent legislation with respect to any such question, e.g. this procedure could be adopted in our present oriental problem in British Columbia where our province appears to be the only section of the Dominion directly affected by a problem which ordinarily comes within the Federal sphere of legislation."

In order to anticipate that you would ask how that could be done, we have suggested this referendum. As to

the way it could be applied, we have suggested the Oriental problem of British Columbia, a problem regarding aliens and naturalization which is definitely within the federal field of legislation, - yet it is a problem which affects only British Columbia. I am afraid, gentlemen, that it seems to be the definite assumption that Eastern Canada is not concerned in British Columbia's Oriental Problem. Whether they do not wish to be concerned or whether they do not realize or appreciate our difficulties, we have this problem here, and this is merely a suggestion on our part as to how that matter could be re-arranged satisfactorily to British Columbia. We realize, of course, the necessity of allowing the matter of aliens and naturalization to remain with the Federal Government. That is definitely a federal sphere of legislation.

Now, gentlemen, I appreciate very much the attention you have given me. I have dealt with general propositions, as I said at the commencement of my address, and I trust that what we have submitted will be of some assistance. It is merely the opinion of a certain group of young people, and I have no power to give details. These details have been very well dealt with by the Government and the other submissions made to the Commission. I wish to thank you again for the attention you have given me.

THE CHAIRMAN: Mr. Owen, we are very interested in the views of the younger generation, because they have to take control in a few years hence. It is most interesting and important that they should be devoting their attention to these problems. So that we will have an idea of the volume of opinion expressed in this brief, could you tell us approximately the number of

members in your association?

MR.OWEN: May I say I represent an organized group of approximately a thousand young Liberals in the Province. That is organized young Liberals. I have not the authority to speak for others.

THE CHAIRMAN: And these resolutions represent their views?

MR.OWEN: Yes sir.

THE CHAIRMAN: Thank you very much.

EXHIBIT 209 - Brief submitted by Vancouver Young Liberal Association

THE CHAIRMAN: There is a brief filed by the Co-Operative Commonwealth Federation, B.C. Section, but they desire to^{only} file it with the Commission, they do not desire to speak to it. It will therefore be filed as exhibit 210.

EXHIBIT 210 - Brief of the Co-Operative Commonwealth Federation, B.C. Section.

THE CHAIRMAN: The brief deals with a number of questions which have been under consideration during the past week.

We are not quite through with these briefs, but I may say, Mr.Premier, if you would like to make any comments on any of the briefs presented by public organizations, when they are all in, we would be very glad to hear from you.

HON. MR.PATTULLO: Thank you very much, sir. I had intended to make some general observations. I do not think I should go into each of these briefs, because in the first place, I think that a number of them, it will be found, have been prepared by two or three officers and present their own personal view, and did not receive the endorsement of the organizations they purport to represent.

However, I will make some general observations.

THE CHAIRMAN: You can make any comments you care to make later, when they are all in.

Then, the next is the British Columbia Library Association. Mr. Ridington, you have prepared an interesting and elaborate brief. Could you summarize the main points of it and then also tell us how it falls within our jurisdiction.

MR. JOHN RIDINGTON, was called:

MR. RIDINGTON: I will endeavor to do that, sir.

I represent the British Columbia Library Association, a province-wide organization of provincial libraries and those interested in the library movement in the Province of British Columbia. Representations of similar character to those I am going to make will be made to this body by sister organizations in Ontario, and perhaps other provinces, in the course of your inquiry.

The preparation of the submission to be made was entrusted by the President of the Association, to a special committee, of which I am Chairman. I do not think it necessary to take any considerable portion of the Commission's time by a lengthy verbal presentation. The submissions we desire to make have been embodied in the brief, of which copies have been forwarded to the Commission and the staff, here and in Ottawa. This brief can be read by the members of the Commission at their convenience and leisure, although I realize that so important a body has very little of the latter.

With your permission, sir, I would like to make a summary of the submissions made. Such a summary will clear the ground and give opportunity for discussion during the time the Commission is in session. The brief is based on the viewpoint that libraries and library

service are essential and integral parts of the whole problem of education in Canada. This problem includes not only the schools and the universities, but also vocational, technical, and agricultural training, as well as adult education. Library service is therefore a matter of national and provincial concern, and comes within the compass of the points to be considered by this Commission.

The opening sections of the brief deal with the belief which generally prevails, that improvement in education is a matter exclusively within the authority of the Provinces and the municipalities, and one with which the Dominion has nothing to do. The British North America Act does so provide, and it is particularly auspicious that the Dominion has, within recent years, stepped into the educational field and assumed new and important responsibilities without in any way interfering with recognized provincial or local prerogatives. Instances in relation to these developments are cited in the brief, which proceeds to argue that the extension of this principle might, to the general advantage of the Dominion, be made in the library field, as part of a national program of education. The brief contains five specific recommendations.

First, the abolition of excise tax on library books. The law provides a tax of three per cent on the value of all books imported into Canada, over and above a maximum value of \$25.00. This regulation makes necessary the clearance through bond of all parcels of books, and, in the majority of cases, the employment of custom brokers, and the payment of their fees. The University library in this province pays annually about \$300, under this law, and the larger proportion of this sum does not go into the Dominion treasury. The tax objected to is one

levied against the means of the dissemination of knowledge, it is a tax on education, and as such, is contrary to the spirit and the intention of the B.N.A. Act. The British Columbia Library Association submits that this regulation is inimical to the public welfare, and urges the commission to recommend the passing of an order in council exempting libraries from its operation.

COMMISSIONER ANGUS: What is the point of the limitation of \$25.00?

MR. RIDINGTON: \$25.00; for libraries coming in duty free. I have to give instructions at my own library, that parcels of books be put up in less than \$25.00 lots, so as to escape the duty. But in many cases that cannot be done. In the case of the library of the University of British Columbia, its book importations also are taken into consideration by the Customs Department, that it is for the book store which supplies text books for students. In consequence, we are entitled to distribute our books on the basis of \$25.00. We still have to pay a tax of about \$300, and of that only about \$120 goes into the Dominion treasury; the rest is for the customs clearance fees. Does that answer your question, Mr. Angus?

COMMISSIONER ANGUS: Yes.

MR. RIDINGTON: Then, the next submission, reduction of postage costs on library book loans. To send out and to return a book on loan from a library now costs an average of more than twenty-eight cents. The provincial librarian reports that large numbers of British Columbians, living in remote rural districts, removed from library facilities, cannot pay these charges, and are thereby deprived of reading privileges heretofore given by the "Open-Shelf" Library. "Library Associations" in rural districts likewise state that they cannot use the facilities offered, for the same

reason. The situation is even worse in other parts of Canada than in British Columbia. I need only draw to the attention of the Commission what that situation is, for instance, in the Province of Saskatchewan. The Library Association of British Columbia therefore recommends the establishment of a special postage rate on books loaned by, or returned to, Government, Universities, Schools or public libraries. We suggest a rate of three cents for the first, and two cents for each successive pound in weight. Thus an average book of two pounds would cost the borrower ten cents in carrying charges, - five cents for the outgoing journey and five cents for its return. The rate now being paid on books in Braille or other type for the use of the blind is less than one quarter of that now requested for library books. The mailing rate for books for the blind is one cent for four pounds, or any fraction thereof.

Number 3, the National Research Council Library. One of the efforts most beneficial to anybody was the establishment and financing of the National Research Council by the Dominion Government in 1916, and the Federal grant for this purpose exceeds \$500,000, nearly all of which was expended on scientific or industrial research. In the opinion of the special committee, this was a very wise and very remunerative national investment, the returns on which amply justified an even greater appropriation. The library of the Research Council amounts to less than 20,000 volumes, plus its pamphlets and monographs. Book purchases to the amount of \$13,000 were made in the last year.

The brief urges that the Research Council Library be so developed that it be made the equal of any in the fields of science and industry, and that its resources and facilities be constituted a national headquarters for the

literature of science, on which research students can rely for yet more co-operation in their investigations.

Fourth, a National Library for Canada. Canada is almost the only civilized country that has not a national library. The Library of Parliament at Ottawa is merely what its name implies, - a collection of books for the use of the peoples' representatives, and the civil services. It has neither the organization, the staff, the book resources, nor the funds, to give even a semblance of national service. The building in which it is housed, is badly designed, and quite inadequate for the accommodation of either books or readers. The situation is discouraging, difficult, and well-nigh hopeless, and must so remain until the Dominion Government reverses its attitude of indifference and neglect, which has been manifested by every predecessor back to the days of Confederation, seventy years ago.

This committee submits that a National Library for Canada is a national necessity, and would be a national asset. It would give throughout the Dominion services for scholarship and research, similar to those given in England and the United States, and other national libraries.

The brief includes as an appendix a chapter from "Libraries in Canada", dealing with the need of a national library policy in Canada. I have a copy of "Libraries in Canada" here, and a copy has been given to the Commission staff. This is a report of a Commission of inquiry, financed by a grant from the Dominion Fund of the Carnegie Corporation of New York. The Commission, of which I was the Chairman, some five years ago spent the summer in its investigations, and the chapter which deals with the "Need for a National Library Policy" in Canada, and the necessity for such a policy, is transcribed

from that work, and is included in the brief.

The fifth and last, Reduction of Taxation of Library Material and Supplies. The committee has been requested to advise the Commission of the serious handicaps under which libraries in Canada labour in respect to the customs taxes levied on material and supplies necessary for their operation. Much of this material is not manufactured in the Dominion, and the duties payable constitute a burden from which libraries might well be relieved. I might say Mr. Chairman, that the publisher who bound this brief which is submitted to your Commission, paid a duty of ninety-eight per cent on the cloth with which it is bound. An arrangement might be made of "Draw-backs," that would safeguard the interests of the Dominion Government, on behalf of libraries as educational institutions.

I think, Mr. Chairman, that summarizes the views which are set forth at greater length in the brief. As I said at the beginning, I do not desire to take any more than necessary your valuable time. It only remains, I think, for me to answer the question which you propounded at the beginning, Mr. Chairman, as to what the status of your Commission is in the matters represented. I take it, as I read the terms of reference, which constitute this body, that you have a very wide latitude, and anything that is for the general advantage and welfare of education can come within the purview and the ambit of your investigation. And likewise, I have assumed that you will adopt a fairly liberal attitude towards representations that are made, and that are conceived on terms of Canadian welfare. As such, these submissions are presented to you and to your colleagues. Does that answer your question, sir?

THE CHAIRMAN: I think it answers it as well as it can be answered, Mr. Ridington. You have presented with

great clarity and force the submission of the Library Association, but the five points you have mentioned are all matters of finance, that is, involving questions of taxation and finance, which are entirely within the jurisdiction of the Federal Government to deal with. They do not involve any question of inter-provincial relations. You are not suggesting there should be any changes in reference to inter-provincial relations, and I am afraid we cannot put an interpretation upon your submission as wide as you suggest. If we did, we would be sitting several years, and we must endeavor to finish this commission within a limited period. We, however, will give careful consideration to what you have submitted. There is no doubt about its importance. One may be in great sympathy with the objects you have in view, but we are not constituted to advise either the Dominion or the Province on matters of policy wholly within their own jurisdiction, - not involving any question of Dominion-Provincial relations. That is our difficulty, Mr. Ridington, but you have presented a very clear and important brief, and it will receive our careful consideration.

MR. RIDINGTON: It only remains, Mr. Chairman, to thank the Commission for the consideration that it has given to us, and the promise of attention to our views. Thank you, sir,

EXHIBIT NO. 211 - Brief submitted by the British Columbia Library Association.

THE CHAIRMAN: I think the Deputy Minister of Agriculture wishes to make a statement.

MR. J.B. MUNRO, Deputy Minister of Agriculture, was called.

MR. MUNRO: Mr. Chairman, and Commissioners, I very much appreciate the opportunity of bringing before you

our brief this morning, as I have an engagement that takes me away at one o'clock. You have received copies of the brief prepared by the Department of Agriculture, and I think it is quite unnecessary to read any part of it. Pages 1 to 9 deal with the Department of Agriculture's activities, under the Provincial Government. Pages 9 to 12 deal with the Federal activities within British Columbia. Pages 12 to 14 deal with activities in which the two departments co-operate. The last three pages refer to the possibility of certain matters which are now in part dealt with by the province and in part dealt with by the Dominion, being turned over to one or the other of the departments.

I think the important point in connection with the whole brief is the fact that, whereas there may have been duplication, - there was duplication of effort up to 1931,- in 1932 the federal and provincial departments of Agriculture got together. The Ministers and Deputy Ministers, of all the provinces and the federal departments, and the deans of the agricultural colleges, met in Toronto in 1932, and in Regina in 1933, and laid a foundation whereby agreement could be reached. It was not a matter of overlapping of laws or differences of opinion; it was a matter of each department simply trying to do what was in the best interest of the farmer, and probably overlooking the fact of one or the other tramping on ground which did not belong to it. Since 1932 that has been practically overcome, and the Departments have got together. Where there was a question of - say a diseased matter in plants, it was necessary,-whether it was a local matter or federal matter, what actually happened was, the federal department established laboratories for plant disease study on the experimental farms. The provincial depart-

ment, knowing that certain diseases are of a local nature, employed certain officers to work with the Federal officials, and both federal and provincial officials in some cases are working together in the same laboratories, the same offices, and one takes the provincial branch of the work, and the other, the federal. Both departments are satisfied and the work is carried on economically.

Here on Vancouver Island the Dominion department maintains its entomologist. The Provincial Government provides the office and telegraph service; the two departments using the one man. That situation exists throughout the province and it has proved workable.

Now, the Provincial department of Agriculture endeavors to maintain the enforcement of laws that are purely within the right of the province; such as the issuing of bulletins, which is a local matter; the administering of grants to fall fairs; the supervision of agricultural associations; and the improvement of local herds.

There are two particular cases mentioned in the recommendations submitted by the Premier. One is to the effect that as ^{to} noxious weed content in grain screenings, the Dominion should have control. At the present time that control is shared by the Dominion and the province, and it is rather unsatisfactory. The other matter, the supervision and the inspection of fruits, vegetables, honey, butter, eggs, and meats, are divided between the province and the Dominion. It would seem that the Dominion should have full control over those matters, in grading and maintaining standards, and that it should not be left to provincial authority part way and federal authority part way. Those, in brief, are the remarks I wish to make on the brief submitted.

(page 5733 follows)

THE CHAIRMAN: Mr. Stewart, have you some questions?

MR. STEWART: Yes, my Lord, I have a few:

Q. On page 2 Mr. Munro,, you refer to the collection of statistics as part of the activity of your department. Are those statistics also collected by the Dominion Bureau of Statistics? A. No, the Dominion Statistics Branch claims our statistician as their agent in British Columbia. He collects the statistics, sends them to Ottawa, retains a copy for our Department, does the work for both departments.

Q. At page 3 you refer to the provincial markets branch. Would you just develop that a little more fully, what its work involves? A. The provincial markets branch consists of one man with a stenographer. His duty is a check-up duty to advise the growers on faults in connection with packs there may be and he visits the prairie provinces, keeps in touch with market opportunities. He is really a contact man working for the provincial producers as we do not think that the Dominion can pay particular attention to any one province, they must treat every province alike and this man, then, does work of a provincial nature, reporting inferior packs, difficulty of pack and establishing a contact between our producers and the consumers.

Q. And the consumers within the province? A. The consumers on the prairie provinces as well as within the province.

Q. On page 5 you refer to a supervisor for herd testing purposes. Does not the Dominion also carry on similar work? A. The Dominion in other provinces covers an identical work but back about 23 or 24 years ago the Dominion livestock commissioner, knowing that the provincial livestock commissioner was very much alive to the need of disease-free herds in British Columbia, agreed to the British Columbia government's milk recording work with

a view to establishing a service on certain breeds and certain lines of breeds within the province. That work has been undertaken. We now have approximately 66,000 of the ordinary cows in the province, not the pure-bred cattle, but the cows of the lower grade under test. The test has been carried on to the point that the farmers recognize its influence and pay 50 per cent. of all costs in connection with the testing and they have a voice in the appointing of the inspectors or testers who work in their respective districts.

Q. That is a service that elsewhere than in British Columbia, if done at all, is done by the Dominion? A. I understand it is done by the Dominion in other provinces to a limited extent. And in this province I should not overlook the fact that the Dominion is carrying on the records of performance of pure-bred cattle. Our work is mainly on the grade cattle.

Q. On page 6 you deal with the poultry branch and you refer to the overlapping that has existed in the past and your comment as to the present condition is that the conditions have not been as bad during the past five years as they were prior to 1932. You might develop that a little more fully? A. The poultry men would disagree with that point. They contend that conditions are worse, in that they are not able to get as good markets as they were before, but what I mean by saying they are not as bad, I mean there is not the same degree of overlapping in government services, but we still are not satisfied that the government services of federal and provincial are working together to the best advantage of the poultry men. We felt that six years ago and withdrew three poultry inspectors from the field, feeling there was overlapping. We intimated to the Federal Department if they

would also withdraw certain poultry inspectors from the field the industry would be benefitted, but as far as I am aware the poultry inspectors of the Dominion Department still remain in the field and the poultry industry in British Columbia, we think, is not in the position it should occupy in this province.

Q. Is the suggestion that it is over inspected? A. The suggestion is that it is unnecessary for the Federal Department to maintain a poultry department in any province where the promotion of production should be a provincial activity and that is where the disagreement comes in. The federal department promotes schemes that are not altogether acceptable to the flock owners within the province.

Q. And you think that is a matter in which the provincial poultry owners and the government are better judges than the Dominion? A. Yes. It was suggested to the Dominion government two years ago that the Minister of Agriculture for Canada should have an inquiry made and that the poultry owners should be heard and not the civil servants.

Q. On page 8 you refer to the veterinary work carried out by the provincial veterinary staff. Does the Dominion also maintain a veterinary staff in British Columbia? A. It maintains a veterinary staff in British Columbia for the purpose of maintaining control over diseases that are included in the Contagious Diseases Animals Act, but under that act there are diseases which we regard as very detrimental, that Ottawa, the Federal Act, does not recognize. For instance foot drop of sheep. We recognize that as very detrimental to the ranges because of it maintaining virulence in the soil, or at least the outbreak of virulence in the soil, for a number of years. We maintain a veterinary staff which supervises the dipping

or bathing or treating of the feet of these sheep which is made on those ranges. We also, outside of the areas certified by the federal veterinarians, the T. B. free area, we maintain a service whereby any milk producer may have his cows tested for tuberculosis and we remove the re-actors, we have paid compensation for their destruction and we do not allow compensation unless the animal is actually destroyed and rendered unfit for human consumption.

THE CHAIRMAN: Does the Dominion do any work in that field?

MR. MUNRO: Yes, Mr. Chairman, in British Columbia the Dominion has accepted the responsibility for tuberculin testing of all cattle within the T. B. free area of the mainland, that includes approximately from Boston Bar to Vancouver, in the Fraser Valley.

THE CHAIRMAN: Why should both governments be in that field?

MR. MUNRO: It was the intimation that the Dominion, I believe, appeared to have a little more money than the province did for that work. We had carried it on from 1907 for approximately ten years and had very much reduced the amount of tuberculosis in the herds and the Federal government decided it would make certain areas of Canada T. B. free areas particularly for the protection of human consumption of our milk, and partly with the view of improving conditions under which animals were raised for breeding purposes. Now, there was considerable opposition from here and I do not know just what the correspondence was in the matter but it was agreed by the province that it would be good business to turn over to Ottawa that responsibility, which was costly. Ottawa placed their veterinarians in the field. The provincial government

provided transportation for those veterinarians, supervised the removal from the herds of the cattle which reacted and attended to the checking up and cleaning up of the premises. So it has been a fifty-fifty basis - hardly a fifty-fifty basis, but it has been a co-operative basis, with Ottawa taking the heavier share.

THE CHAIRMAN: That does not cover the entire area in British Columbia?

MR. MUNRO: No, that covers about 65,000 head of cattle, just about half of the dairy population of the province. We requested a similar area on Vancouver Island where we have about 25,000 cows which should be under a test of that sort but Ottawa did not feel disposed to accept the responsibility, although we carry on a staff of veterinarians who carry on a work outside of the T. B. free area.

MR. STEWART: Q. Does the Dominion maintain a veterinary staff in British Columbia permanently? A. Yes, they maintain a Head Office in Vancouver with a veterinarian in charge. We must remember that his duties are much beyond those attending to live cattle matters. They have the supervision of stock-yards and slaughtering and so on, and the matter of the importation and export of animals free of disease.

THE CHAIRMAN: Is it not fundamental that if you have two staffs for the same purpose, though working in some respects in different fields, the cost is greater than if one government or the other had complete charge?

MR. MUNRO: Well, we are confident that the province could not do the work that is being done by the Federal men. That is, a provincial veterinary certificate would not be acceptable for export or import, matters of that sort, it must be federal to that extent. But outside of

the localized areas we are quite confident that the Dominion authorities could not as cheaply handle the testing of cattle, the supervision of flocks and herds, as is being done by the provincial department.

THE CHAIRMAN: Why?

MR. MUNRO: Our men are close to the work, they are not having to wait for instructions from a long way off. In carrying on a routine function they could quite well wait for authority from Ottawa, but take for instance if we had an outbreak of some disease particularly on horses out of Pemberton Meadows. We do not have to wait for word from the East, we simply wire to our veterinarian closest, we know where he is, and we have him drop into Pemberton Meadows and clean up the disease.

THE CHAIRMAN: I should have thought a wire to Ottawa and a wire back would have been almost as speedy as a wire to some local place in British Columbia.

MR. MUNRO: I would not like to comment on that, Mr. Chairman, but sometimes the wires do not come right back from the East.

THE CHAIRMAN: Of course we are looking at it from the standpoint, we have to, whether there is such a duplication of work as increases the expense and if you have been here you have heard the representations about the burden of taxation on everybody and the desirability of reducing the cost of government. We are trying to see if there are any points where there is duplication or unnecessary expenditure of public money.

MR. MUNRO: I believe it would require, Mr. Chairman, a change in the British North America Act possibly to bring about just what you have in mind, but here is the situation: the province was attending to all those veterinary matters up to a certain time but there were certain situations

where a clean-up had to be effected from time to time, where, as in the case of the foot and mouth disease, where a guarantee has been given by the Dominion to a particular community and Ottawa wants to maintain a skeleton staff to attend to these matters.

THE CHAIRMAN: It might be that Ottawa could to the whole work?

MR. MUNRO: There is a point there for consideration, Ottawa is economical in the way they are handling the T. B. service. They bring in the staff during the Winter, they have probably two or three men, and place them in the Fraser Valley where they are having pleasanter weather and and the work is done in the Winter and the cost is reduced in that way. There are matters which appear on the outside to be overlapping but there are four men that deal with the 60,000 dairy cattle and 200,000 some odd cattle in beef production, and the hogs and sheep and poultry, we have four men doing that and it is not one of the heavy tax burdens in British Columbia.

THE CHAIRMAN: It may be that the public impression there is a great deal of overlapping and duplication of services is not sound, but it is a very widespread and deep-seated impression. We want to really get at the bottom of it if we can.

MR. MUNRO: Unfortunately the complaints regarding overlapping in agriculture come mainly from the city centres where very little is known as to what is going on in the country. The complaints in the country are that neither the Federal nor the provincial governments are giving adequate assistance. I think there is a little misunderstanding on that.

THE CHAIRMAN: If it is a misunderstanding we would like to be in a position to help clear it up, and your

testimony is most valuable in that respect.

MR. MUNRO: There is just a chance that there might be a clearing up of the federal and provincial work, we will say, in the internal parasites in animals. We know there is a federal staff working on that and we are working on it but neither one has cleared it up and there are other diseases that both are working on and probably one could handle it better than another.

COMMISSIONER DAFOE: Do you think periodic gatherings of the agricultural experts of the provinces and the Dominion held in Ottawa, say, would be of value?

MR. MUNRO: The last we had was in 1933 in Regina and it was a valuable gathering. Those gatherings I think are money-savers for the Dominion if they could be held about every three or four years.

MR. STEWART: Q. In the Entomology Branch, on page 8, what is the line of demarcation, if any, between the Dominion activities and the provincial activities?

A. The line of demarcation has been narrowed down to such an extent that with one exception the work is handled by the federal department. We have only one entomologist retained on our staff. Because of our fruit trees in the Okanagan Valley, the federal department feels hardly able to put a special man to deal with that work, the work is important and we have one man attending to that. The rest of the work is all federal in entomology.

Q. I notice you have two assistants; you mention two assistants in that branch on the top of page 8? A. Well, instead of two assistants I should say one entomologist and one assistant.

Q. In the soil survey work what line of demarcation exists? A. There is no line of demarcation between the

activities. Ottawa employs one man, the province one man permanently. The province puts on one temporary official and the federal one temporary official, and those four men work together. The province supplies the laboratory and transportation and so on and the Dominion assumes the responsibility of issuing the maps and reports that are prepared. It is a complete fifty-fifty basis.

Q. Would there be any saving if it were immediately under the jurisdiction of either the Dominion or the Province of British Columbia? A. I don't think there would be a saving but I think there would be an improvement in the work if they were completely under the jurisdiction of the Department of Lands of British Columbia, because the Department of Lands have the control of Crown lands, and most of the acreage of the province still being in the right of the Crown, I am of the opinion that the Lands Department is the department that should be responsible for the classification.

Q. In plant pathology -- A. Page?

Q. I was looking on page 13 where you are describing the Dominion operations. What is the line of division between the services of the Dominion and the province in that branch? A. The line is this: that in matters of a Dominion-wide nature, that is of Dominion importance, we will say in the production of apples that are being exported to other parts of the country, or to foreign countries, a serious blight, such as fire blight is detrimental, or scab in apples, or probably diseases of canteloupes, any of our products, Ottawa maintains a staff of plant pathologists. They are not exactly inspectors but they are research men and they advise the growers as to the methods to employ in keeping down those destructive diseases and diseases which might be detrimental

to other parts of the country if diseased fruits and vegetables were shipped out of the province; work of that character. We maintain a pathological staff who work in the field with the Dominion men but deal with the diseases that are localized and are not likely to be troublesome in other districts. We will take, for example, the rust in cereals grown in the lower Fraser Valley. That is a matter of local importance. The control of the barberry shrub is a matter of federal supervision and our men act as inspectors to make clean-ups.

Q. Do you not think there would be some saving if the whole of the field of Plant Pathology were left to one or other of the two departments? A. That has been recommended on different occasions. The federal department is in an excellent position to maintain the supervision of plant pathological work but it is really a carry-over from the days when the province was doing the work, and there are still on the staff men who have not reached the retirement age. In addition to that the university is working in well on certain of the research matters.

Q. Are there both provincial and Dominion experimental farms in British Columbia? A. No, in British Columbia at the present time all experimental farms are under the control of the Dominion government. The province, as fast as the Dominion extends a service, to British Columbia, the province has been in the habit of withdrawing any similar service that it has had and the activities the province carried on, such as egg-laying contests, which were initiated in the province in 1912 were turned over to the Dominion in 1925. As soon as Ottawa can carry those duties on they are neglected by the province.

Q. Are there any other suggestions that you have to make

which would, in your view, result in a more efficient or more economical administration of agricultural affairs within the province of British Columbia. A. Well, the two matters I had in mind were those dealing with inspections and control of screenings.

Q. You already referred to those? A. Yes, I have referred to those.

Q. Are there any others that you have in mind? A. The other matters are matters of a debatable nature, and while the province might think it could carry on the work more satisfactorily, and it might have the right, there is this to be considered, that if Ottawa has the staff and is willing to do the work, it does not seem financially advisable that we should take over anything that would add to provincial burdens, and that is probably the reason that the Experimental Farm supervision has never been asked for by the province. There is a feeling that the province should conduct experimental work within the province as is done in the States with federal grants but it is doubtful that Ottawa would give up the right to the province and it would only be an increased burden on the province if also they would do it in Ottawa.

Q. Well, what are the points in which there might be an increase in economy or efficiency if the work were done by one or other of the departments and not by both?

A. One suggestion is that in the matter of the record of performance work, the testing of dairy cattle with the idea of herd improvement, and establishing milk records, that under provincial supervision as it is in British Columbia, the federal record of performance could be assumed by the province. The suggestion was made to the Dominion six years ago that that be done, and that a grant of half of the amount of money being paid

by the federal government for work they are doing in the province be given to the province and that work be taken over, but nothing came of it.

THE CHAIRMAN: What was the response of the federal government to that?

MR. MUNRO: I don't know, Mr. Chairman, whether you have had filed with you the official report of the National Conference of Agriculturalists held in Toronto and in Regina in 1932 and '33. That is all discussed in those reports. The response was briefly this: that the provincial certificate or statement of a cow's ability to produce might not carry the same weight as a federal certificate, although since that time the Dominion government has permitted our agricultural organizations holding fairs to recognize the provincial certificate of production on a par with the Dominion certificate of production.

THE CHAIRMAN: What difference does it make, where is it important that it should be recognized? Is it important anywhere outside of Canada?

MR. MUNRO: It is only important in this way, that a man might use his record of milk production as a selling, advertising matter in connection with disposing of his stock. But so far as the particular purpose is concerned, to find out which animals should be retained in the herd and which ones should be scrapped, it would make no difference. That has been my point, because it seems to me that two groups of men are going around and doing the same work on neighbouring farms.

THE CHAIRMAN: Even a man from the city might be able to see that?

MR. MUNRO: I think it is matters of that kind which have given rise to the opinion that there is a lot of overlapping. In poultry work there was a difference of

opinion as to what constituted provincial rights and what federal rights. This happened in 1933. The federal government stated that day-old chicks could not be shipped from one province to another unless the parents of those day-old chicks and all relatives on the same farm on which the eggs had been produced had been found to be free from bacilliary white diarrhoea, that is a test made in the laboratory. B. C. poultry men who for 25 years or more had been building up their flocks protested against having blood taken from the wings of their birds, and having it examined before the chicks could be shipped away. And so the federal undertook the responsibility of taking the test and the opinion was, they said it was a provincial responsibility and the Dominion said they would pay it and they came back and assessed us for the clean-up and the province met them half way. But the only reason that was done was that it was announced that our chicks would not be allowed into any other province where this test was in vogue. I think it was a misunderstanding, in the first place, between the federal and provincial function and there was a question as to whether there was a legal right for our chicks to be denied access to Saskatchewan and Alberta. The Alberta government said they were quite willing to accept our birds on the basis of their own where they were testing so, and Alberta only received British Columbia chicks for a year or two. This year we are completely shut out of the market unless all our flocks are tested. That goes to more than flocks that are used for breeding purposes -- it is a long story and I don't think you would be concerned with it here.

THE CHAIRMAN: We will not go into the chick business further.

MR. MUNRO: Those are the two points, though, the dairy and the poultry. Coming back to the poultry again, a request of the British Columbia poultry men to the federal government was that the fly-by-night hatcheries should be stopped from advertising for the purchase of eggs and for the sale of their chicks, that they were a menace to the industry. The matter was turned over to the federal Post Office Department to see if the postal authorities could stop the use of the mails for advertising matter of this kind, but unfortunately out of that grew this barrier which has separated this province from the Dominion.

THE CHAIRMAN: What is the fly-by-night hatchery?

MR. MUNRO: The fly-by-night hatchery was the sort of thing where a man came in, advertised widely wanting eggs, paid the market price, received his eggs and sold the day-old chicks below the market value and disappeared before his bills were paid.

THE CHAIRMAN: Kind of bootlegging chicks?

MR. MUNRO: Those are the only remarks I had in mind, unless there were other questions.

THE CHAIRMAN: Anything further?

MR. STEWART: I was just going to ask one question about seed inspection. Is there, in the work done by the federal department and the provincial department, any overlapping?

MR. MUNRO: No, the seed inspection comes entirely under the federal authority. Under the provincial department there is an act which permits the farmers in any locality establishing an area in which certain plants must not be grown that might cause cross pollination; but all inspection work is carried out by the federal and in the matter of seed cleaning machinery, the purchases are all made

by the province where the machinery is needed for cleaning seed and the Dominion rebates 50 per cent. to the province.

THE CHAIRMAN: There is another subject which perhaps you could throw light on. Have you or your Department made any study of the agricultural areas, the land of this province suitable for agriculture which is not now settled?

MR. MUNRO: We have in a general way, but we are almost ashamed to mention the extent of what looks to be agricultural land. We have something over 230,000,000 acres but as far as we can see, taking into account elevation and contours of the land and the rainfall and the accessibility by existing highway, railway and other means of communication, there is very little over four and a half million acres that appears to have definite agricultural value. That would be probably 2 per cent. of the area of the province, that is really worth encouraging people to settle on. Of that four and a half million, nearly three-quarters of a million acres is already occupied, so our agricultural area is not large.

In addition to that, of course, we have possibly between fifteen and seventeen million acres of good range land which is adjacent to very good agricultural land. So a man might only have 40 acres of good agricultural land on his property but he has possibly 120 acres of some quarter section adjoining which is quite fit for sheep and cattle and range work of that kind.

THE CHAIRMAN: Have you made any soil tests in these new areas to ascertain the quality of the soil and so on.

MR. MUNRO: We have in the areas, we have completed our lower mainland which is half the land of the Fraser Valley and we have completed approximately 200,000 acres in the interior from Salmon Arm south. We have made what

might be called a reconnaissance examination of other soils but there is this difficulty, that where we may find a good area it is very close to a good forest that would be in jeopardy if we encouraged settlement next to it, and we have rather discouraged that type of settlement where there would be danger to our forest resources. We always remember that our farming in British Columbia has seen its best days while mining and forests saw their good days. So naturally there is a linking together and no desire to encourage settlement where it might be detrimental to the forest resources.

THE CHAIRMAN: I do not think you heard the presentation of the Prince George brief but you know its substance. They contend there is a very substantial area in the district adjacent to Prince George which could be developed for settlement and settlement should be encouraged in that district.

MR. MUNRO: They are right to a certain extent. It is one of the largest suitable districts in British Columbia for agricultural settlement but the encouragement that should be given should not be of a nature which was given to them a number of years ago, when their creameries were built and their cows were bought and they were not encouraged to try and equip themselves with the means to do their own farming.

THE CHAIRMAN: I think there was some suggestion of 865,000 acres.

MR. MUNRO: That would not be far wrong, I think that would be very close, because one of our largest areas extends from just East of Prince George to very close to Smithers on the West, there is 300 miles of that land to a very great extent good territory, now that new varieties of grains and alfalfa have been brought in.

THE CHAIRMAN: You say within an area extending 300 miles East and West there is this good agricultural land?

MR. MUNRO: Yes.

THE CHAIRMAN: And does that extend North and South?

MR. MUNRO: Well, the extent northward is unknown. The furthest settlement north of the Canadian National Railways within that area would probably 38 to 40 miles, immediately North of the railway, but according to our reports there is still another forty or fifty thousand acres of good land North of that again. But again, all those areas up there are timbered with spruce and cotton wood and evergreens of different kinds, which is all good timber. So it is rather difficult to know the nature of the soil in all cases where they are heavily timbered. South of that the area extends down to Black Water River, possibly the fifty-third parallel.

THE CHAIRMAN: How far is that South of Prince George?

MR. MUNRO: That would be an average of 50 miles South of Prince George.

THE CHAIRMAN: That is within an area extending 300 miles east and west and within an area extending something over 100 miles north and south of Prince George?

MR. MUNRO: Yes, approximately that.

THE CHAIRMAN: You say that land is suitable for farming. Is it all timbered?

MR. MUNRO: There are great expansive areas, there are many outcroppings of rock with mineral values, and there are well timbered areas. The light clearing is not plentiful, possibly 50,000 acres of that area through there might be very light clearing, the balance would mean the removal of trees, trees of a size that would have timber value and it would hardly seem wise to slaughter

these trees in order to make farms.

THE CHAIRMAN: What is your own view as to settlement there?

MR. MUNRO: The view that has been hold in our department is that we should encourage settlement within these land settlement areas that have been set aside by the land settlement board and are under the administration of the land settlement board. There are some fine areas, and the settlement should be kept close to existing centres where there are social services and facilities for making community life.

THE CHAIRMAN: Are you speaking now of areas in the vicinity of Prince George?

MR. MUNRO: In the area from Prince George through to Smithers there are settlements probably 15 to 30 miles apart, settlements where the population could be increased probably seven times and still make use of the existing schools, roads and other local facilities.

THE CHAIRMAN: Cannot you get any of the younger generation to go out and try to make a home for themselves, as the pioneers did?

MR. MUNRO: During the past three years there has been quite a settlement there but mainly of people that are hard up, people who have come from afflicted districts of the prairies. They have brought what they could of their livestock but I think our relief department knows what the result has been in some cases. There have been some unfortunate circumstances up there and it affects agriculture. The railway companies, for example, maintain throughout Canada agricultural agents whose duty it is to improve the conditions for transportation and freight in that Central British Columbia. Farmers have been encouraged to go in debt in some cases to purchase beef cattle

or swine to bring onto their farms. It is all very fine to purchase these animals but they didn't have the feed and they of course became the responsibility of the relief department to get feed for them. So that the lack of supervision in bringing those families in has been detrimental to British Columbia. Of course, they will be good settlers in time.

COMMISSIONER DAFOE: Are those free grant lands?

MR. MUNRO: They are land sales from the land department. Most of those lands are valued at \$2.50 an acre.

THE CHAIRMAN: What would the size of a farm be there?

MR. MUNRO: 160 acres, a quarter section.

THE CHAIRMAN: Does that appear to be about an economical size?

MR. MUNRO: It is as large as most families can handle in the way of clearing. I think it is the maximum unless there are individuals who will go ahead and take up a whole section if they have a large enough family to clear it and the labour expense is not large. But our question has been to see that the farmers are able to economically sell their first crop and it is not a question of slaughtering the timber, in these days of trying to find a market for their products. There are other areas in the province North of that, the Peace River block is most expansive. I think there would be half a million acres in the Peace River Block suitable for agriculture but it is not the best type of soil. Some of it is the type that must be built up with aeration and tillage and some fertilizer.

THE CHAIRMAN: Does it lie immediately West of the Peace River in Alberta?

MR. MUNRO: Immediately West, Pouce Coupe is very near

to the south-east corner of the Peace River block, about 600 miles from Edmonton.

THE CHAIRMAN: Where else have you areas suitable for settlement?

MR. MUNRO: Our main areas are the Fraser Valley, Vancouver Island, possibly a quarter of a million acres, the Okanagan and adjacent country and a small area of probably 100,000 acres in the south-east section of the Kootenay. Our difficulty in the interior through that part is irrigation. Irrigation water must be supplied. The present supply of water by gravity irrigation is pretty well exhausted.

THE CHAIRMAN: The Okanagan Valley is pretty well settled now?

MR. MUNRO: The Okanagan Valley is pretty well settled, I think the land is nearly all alienated up there, that is the productive land. The areas East are for commercial cattle ranching and sheep ranching, Nicola, Cariboo and Chilcotin, but that is an area of low precipitation and it naturally means it will always be a livestock country.

THE CHAIRMAN: What is the climate there in the Winter?

MR. MUNRO: Some tell us it is better than Victoria, but they get lower temperatures, they get zero temperatures, but is a dry atmosphere and this Winter has not been excessive. The snowfall is probably a foot and a half,

THE CHAIRMAN: Putting it all together, have you formed any estimate as to the agricultural population that might be supported on land that is not now under cultivation?

MR. MUNRO: We have taken it this way, Mr. Chairman, that the population could be built up at least five times what it is, but the question of marketing the product is the

big problem. Our products have to find world wide markets and world conditions govern.

THE CHAIRMAN: People are not prepared to go in on subsistence farming as the pioneers did in the early days?

MR. MUNRO: That is one of the greatest detriments, they want to know that there is a market for what they produce before they produce it. I think subsistence farming would take care of at least five times the population we have.

COMMISSIONER DAFOE: You mean five time the agricultural population?

MR. MUNRO: Five times the agricultural area. We have three-quarters of a million acres under ownership, that is being used, and there is still another three million, seven hundred and fifty thousand acres that could be used.

THE CHAIRMAN: What is your agricultural population at present?

MR. MUNRO: We have 26,000 some odd farms actually occupied. There are something over 100,000 individuals living on the farms.

THE CHAIRMAN: Then you think 500,000 more people could be supported by agriculture in this province?

MR. MUNRO: Yes I do, without any detriment to the existing government services, because the areas are very sparsely settled.

COMMISSIONER MacKAY: That is, supported on a substantially lower standard of living than the present farmers enjoy unless you had additional markets?

MR. MUNRO: They would have to have additional markets. They could support themselves but they could not become wealthy. They would have to provide their own feed and shelter and clothing, they would have to be in a

peasant class unless markets were available, because our cities cannot consume very much more agricultural products. We import now about twelve or fifteen million dollars worth of agricultural products. Our production is something over fifty million dollars and our exports are between eight and twelve million dollars, depending on the year.

THE CHAIRMAN: I think it was stated here by someone who was giving evidence that British Columbia imported a good deal of agricultural produce. Do you produce all your own butter, eggs, poultry, wheat?

MR. MUNRO: We import a great deal of what we should be producing. We import 35,000 head of cattle from the prairie provinces but they at the same time take possibly 100,000 boxes of our apples, and it only appears to be a good reciprocal trade. We import from them several hundred thousand bushels of wheat but they take from us their fence posts and building materials. Unless that reciprocal arrangement is maintained I think it would be rather bad for both parts of the country.

THE CHAIRMAN: Yes, we must recognize that.

MR. MUNRO: So we do not look upon those importations of livestock and wheat as being detrimental to our own province.

THE CHAIRMAN: They are not importations in the sense in which the word "importation" is technically known, import from a foreign country, they are purchases from an adjoining province.

MR. MUNRO: Yes, they are very much on the same basis as if we brought all our wheat and cattle from the Peace River block in our own province but it would not be feasible to buy enough of it. Alberta buys from our Peace River block cattle.

THE CHAIRMAN: Thank you, Mr. Munro, it has been a

most interesting and helpful statement.

MR. STEWART: That will be Exhibit 212, my Lord.

EXHIBIT NO. 212: Memorandum regarding
Agricultural Services in
British Columbia.

THE CHAIRMAN: The next is the Primary Products
Publishing Company Limited, Mr. Basil Gardom.

MR. BASIL GARDOM: Your Lordship and Gentlemen:

" The brief which I have submitted to you is endorsed by organizations representing different branches of Agriculture and by concerns engaged in other industries.

Perhaps in some instances in my report I have gone too far afield from the Dominion-Provincial relations, the subject matter of your enquiry so I will only read short extracts from the brief and with your kind permission I will attach the following amendment:-

I beg to submit that Section 92 of the British North America Act provides that in each province the Legislature may exclusively make laws in relation to matters coming within the classes following, that is to say:-

Subject 13. 'Property and Civil Rights
in the Province.'

'Property' can be taken to mean the legal right to the possession, use and enjoyment and disposal of a thing.

'Civil rights' may be taken to mean the rights occurring between citizens of the same Country (Canada) whilst life, liberty and the pursuit of happiness are the inalienable rights of free men in lawful endeavour.

Sec. 92. Subject 16. *Generally all matters of a

"merely local or private nature in the Province", these words would appear to preclude any thought of giving the provinces power which could affect the fundamental rights of Canadian citizenship.

Section 121 of the B. N. A. Act provides that 'All articles of the growth, produce or manufacture of any one of the Provinces shall, from and after the Union, be admitted free into each of the other Provinces'. If, overriding the Canadian Criminal Code, monopolies of products are to be set up within the provinces, they create indirect taxation and it would appear that the intention of Sec. 121 would be defeated and free trading with other provinces could be prohibited.

Section 91 of the British North America Act provides that the Parliament of Canada shall have exclusive legislative authority extending to all matters coming within the class of subjects following, that is to say:-

Subject (2) 'The Regulation of Trade and Commerce'.

I beg to submit that the power to regulate natural products should remain with the Parliament of Canada and be their responsibility only.

B. C. Government statistics will show that in all of our four primary industries, more than half of the products are traded outside of the Province, therefore jurisdiction should remain Dominion."

THE CHAIRMAN: It is now 1.00 o'clock, Mr. Gardom, we will hear you further at 2.30.

MR. GARDOM: Thank you.

(Page 5760 follows)

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

THE CHAIRMAN: All right, Mr. Gardom, we will resume now.

MR. GARDOM: Your Lordship and gentlemen: Before you adjourned, you kindly allowed me to file an amendment to my brief. I did not state to what extent this brief had producer endorsement. I feel that where it is a question of the rights of Canadian citizenship, endorsement really does not carry very much weight. I mean by that, that the minority, and your Lordship, I am sure, would agree, are entitled to every protection under Canadian citizenship without a multitude of signatures on a document to support it.

THE CHAIRMAN: Would you just give us a list of those who have endorsed this brief?

MR. GARDOM: Dealing with beef cattle, we have the cattlemen of western Canada and the different cattle organizations between Winnipeg and Vancouver Island, as well as a number of fruit organizations. You can see it on the back of the brief, I think you have an original copy there. Ninety-five percent of the apple growers of the Kamloops District, representing 97 per cent of the acreage of the orchards in the said district have endorsed it. The list of endorsers is as follows:

Vancouver Island Cooperative Fruit Exchange.

Keating Co-op. Fruit Exchange.

F. H. Keane, Penticton, B.C.

Central Fruit Distributors Limited.

Fraser Valley Growers Limited.

Federated Coast Growers' Association.

Fraser Valley Rhubarb Cooperative Association.

Belgian Orchard Syndicate.

Land & Agricultural Company of Canada.

D. McNicol, R. Duncan, C.W. Stewart, Frank McDonald, W. Mutch,
Colin C. McDonald, E.O. Atkinson, A.P. Atkinson, R.W. Rowley.

I might say, in connection with the names which we have here, your Lordship--it is nearly all organizations which have endorsed this brief. So far as producers are concerned there was no active campaign whatever, to obtain signitures to this brief. They were sent out and if those who received them felt that the brief was sound, they signed an endorsement to it. The next endorsers are the Beef cattle organizations of western Canada. They are, Western Canada Livestock Union.

The B.C. Beef Cattle Growers' Association.

Western Stock Growers Association.

SHEEP BREEDERS' etc.

North & South Saanich Sheep Breeders' Association,
George Clark, President.

Fairways & Glamorgan Farms, Sidney, B.C. H.W. Pearkes.

Lakeview Farm, Westholme, B.C. L.F. Solly.

LUMBER

H.R. MacMillan Export Co. Ltd.

Canadian Robert Dollar Co., Ltd.

FISHING

B.C. Packers Limited.

MISCELLANEOUS

L. & A. Ranch.

Independent Milk Producers' Cooperative Association.

The others, your Lordship, you will see are by way of letters to yourself. The last one is dated, Vancouver, B.C., January 10, 1938 and would, perhaps be more properly described as an exhibit than as an endorsement. It is a copy of letters to the Hon. T.D. Pattullo, from consumers.

This was not from a producer.

THE CHAIRMAN: We have had representations from the British Columbia chamber of agriculture, and I understood from the gentleman who presented that brief, that this organization represented most of the agricultural people in the province.

MR. GARDOM: Your Lordship, the Chamber of Agriculture represents the men who most desire the compulsory pooling of products, of farmer's products, right across Canada, to-day. It started in Vancouver in 1934, and was organized by a Mr. Haskins and others. They represent the men who demand the compulsory marketing of products. It does not represent the other producers. In fact, as I said in my brief, the man who is busy at his work is merely inarticulate. He has his business to which he must attend and so long as he can get along he does not attend many of these organization meetings.

THE CHAIRMAN: Are you able to give us any estimate as to the percentage of agriculturists in the province who would be represented by the brief presented yesterday and the percentage which would be presented by the brief which you are presenting to-day?

MR. GARDOM: It would be difficult, your Lordship, for me to give you an accurate figure. I think that information could be best obtained by a secret ballot. There are certain men who do not like to come out in the open on this question. This question has been one of the most serious which British Columbia has faced for a number of years. It is serious to this extent, that one would find packing houses, my Lord, going up in smoke which were half a mile apart. These were fruit

packing houses. In the Okanagan, a man will tell you that he does not dare put his head above the sage bushes because he fears someone will take a shot at it. That is figurative speech, of course, my Lord.

HON. MR. PATTULLO: I was going to say, that must be figurative speech.

MR. GARDOM: Oh yes, that is figuratively speaking. There have been acts of destruction throughout the history of compulsory pooling. After all, if you study it over a period of years, compulsory pooling is an attempt to get 100 per cent backing and destroy competition. This has never, yet, been successful. It is much the same as the man who thinks he is going to corner the wheat market, or the man who thinks he is going to break the bank at Monte Carlo. As an illustration, there is the organization of the fruit men in the Okanagan. This was a large organization and claimed to have control of 85 per cent of the fruit in the Okanagan. To-day it has 40 per cent. There was an organization in Vancouver which purchased 95 per cent control, and to-day, it has less than 40 per cent. By compulsion, they believe that they can get this control back. I believe the principle is very unwise, and I think any student of economics knows that the principle can not work. We have been pursuing this fallacy in British Columbia since 1928 at an enormous loss. Any man can take a pencil and show the actual figures which represent the amount our farmers have lost from their milk cheques by this policy of attempting to get 100 per cent control.

THE CHAIRMAN: It was represented to us yesterday, that the power of control was used to regulate marketing so that the market would not be flooded with fruit or produce at any one time. This power was to be used to secure more

or less systematic marketing.

MR. GARDOM: Your Lordship, the object of all marketing Acts, has been the fixing of prices. For instance, in 1936, the price was fixed in Vancouver, to the Vancouver consumer of \$2.00 a sack for potatoes. The farmer received \$60,000. at the rate of sixty cents a sack. In the meantime carloads of potatoes were given away in the prairie provinces to wreck competition. The potatoes were literally given away and the people of Vancouver paid \$2.00 a sack while the farmer got but sixty cents. I might say, I would not make that statement before you unless I had a chartered accountant's report to back that statement. A number of us who knew this thing was wrong, took up voluntary subscriptions and we had it investigated. We had the greatest difficulty in the world in securing access to the books. We asked if we might investigate the books and we were refused. We secured access to them, only by bringing the selling agent who was handling these vegetables into the police court in Vancouver. We received a letter from this man's lawyer, saying if we had the charge withdrawn we could have access to the books. A very clever cost accountant and his two assistants were engaged to investigate these books, and I have the reports made by them, here. I should be only too pleased to file copies with your Commission.

THE CHAIRMAN: We are not interested in the details in connection with the situation, the only point we are concerned about is the question of jurisdiction. Your contention is, that the legislative power over marketing should be a function of the Dominion, and not the province.

MR. GARDOM: That is my contention, your Lordship.

THE CHAIRMAN: What are your reasons for saying that?

MR. GARDOM: I am of the opinion, your lordship, that the Parliament of Canada would be very careful that it was not passing legislation without knowing whether it was good or bad. It is well known what happened in Australia. You remember that the Privy Council threw out the Australia Marketing Act in July of 1936 and March of 1937. The Australian government then did the right and proper thing. The Australian government put the question to the people as to whether there should be a change in the constitution. The vote in every state was two to one against the change in the constitution of Australia. We have had experience in that connection, your Lordship. These law suits cost a lot of money. It does not seem to me to be fair that legislation of this kind should be passed and enforced before the Dominion Parliament has passed upon it. When some of this legislation was passed there was an outcry in the west against it. We were told that we could test the validity of this Act. We had already tested one, right to the Privy Council, and we undertook the responsibility of testing the validity of this Act. In the meantime, while we were waiting for decisions in the different courts, we were prosecuted in the police court which, to my mind, your Lordship, seems decidedly unfair.

COMMISSIONER ANGUS: Is it not your position that there should be a bill of rights clause prohibiting anyone from passing marketing legislation?

MR. GARDOM: What I would say is this, in my opinion, the Dominion has the right to regulate and the province of British Columbia has the right to regulate as to quantity and quality. Certainly these governments have not the right to take a man's property away from him, the fruits of his own labour.

COMMISSIONER ANGUS: Would you prohibit anyone legislating on the other point?

MR. GARDOM: If it was put to a plebiscite all over Canada and it was decided that we should have this regimentation we should certainly all have to accept it.

COMMISSIONER DAFOE: Your position is that you would take a chance on the Dominion legislation?

MR. GARDOM: Absolutely, Mr. Dafoe, I would. I am afraid that I have trespassed very much, your Lordship, in bringing this matter up now, I intended to try and keep away from it. With your kind permission I will just read a very short extract from my brief. I would like also to be able to explain to your Lordship, why it is entirely uneconomical. Take the case of potatoes. The board collects \$2.00 a ton. I have some very good land, but there are other men who could grow larger crops than I could, and yet I can grow ten tons of potatoes to the acre on my land. This would mean that there is a charge on these potatoes of \$20.00 an acre, which is more than the rental value of the land.

THE CHAIRMAN: That may be a contention against the theory of the legislation, but I am afraid that we cannot go into that now.

MR. GARDOM: I quote:

"During the depression, promotion of fallacies and cure-alls followed one another in quick succession, only to disappear under the acid test of analysis, and Alberta and British Columbia are the last of the provinces to still consider that their governments should control production and distribution. This frame of mind is arrived at by too much theory and little experience in practise.

"Promotion of the theory of compulsory marketing has been proceeding in British Columbia since 1928, with steady degradation of the agricultural industry in all its branches, causing actual financial loss to the men on the land running into millions of dollars and keeping capital for by-product factories out of the province. Legislation to put this theory into practise has been defeated time and again and only the promoters of the theory have profited. Since 1928 two clubs have been continually held over the producer--either relinquish your product and monies to be controlled on your behalf or we will drive you out of business. This threat has been made to producers right in the committee rooms of the British Columbia legislature.

Recent public announcement by the International Institute of Agriculture at Rome proclaims that continued restrictive control of agriculture is a system of bold economic suicide.

The housewife will always retain her freedom of choice to buy and she will get the best quality of product she can obtain for the most reasonable price no matter what artificial prices are fixed by boards. Consumers will never permit monopoly.

Voluntary cooperation within groups and between groups can maintain reasonable producer bargaining power coupled with official direction of merchandising so that the same quality of product may be offered at the same price to all distributors. Purchasing power for the food supply the farmer has to sell will increase when there is freedom for the channels of distribution with strict and direct enforcement of existing regulations which protect

"consumer and producer alike. Boards have nothing whatever to do with the regulation of quality in spite of their propaganda to this effect--which is entirely false.

A statesman of world wide reputation over one hundred years ago presented briefly the principles of government in the following words:

'Our rulers will best promote the improvement of the people by strictly confining themselves to their own legitimate duties--by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment--by maintaining peace, by defending property, by diminishing the price of law and by observing strict economy in every department of the state. Let the government do this: the people will assuredly do the rest.'

Compulsory marketing of products has not been a success in Australia. The legislation was thrown out by the Privy Council. Afterwards in July, 1936, a plebiscite was held to change the constitution of Australia in order to permit compulsory marketing. In all five states in Australia the proposal was defeated by over two votes to one and I am convinced that compulsory control of primary industries would be more resolutely refused in Canada if a plebiscite were taken.

Marketing schemes in Great Britain were tried as an emergency measure to make her more self-supporting in case of war. The farmers were subsidized to the extent of over 50 million pounds or 250 million dollars. To-day there is strong movement to abandon

"all the schemes and make direct subsidy to the farmers. All subsidy in Canada has been given at producer expense, taken out of easily accessible pooled funds.

Voluntary cooperation in Belgium, Denmark and the Scandinavian countries commenced with reduction of farm costs, and it has been successful in marketing because there was freedom of choice.

We are dealing with realities. Unemployment and want are realities which will not be cured by impractical theories. The theory of government control of distribution of primary products has been tried in the balance and proven to be a costly failure. What British Columbia needs to-day is less talking and more doing, fewer exponents of theory, less government control, less restriction of trade and more freedom for labour and capital in primary industry which creates all new wealth.

The principles of voluntary marketing are:--
 Freedom of choice of practical plan.
 Orderly and lawful promotion.
 Strict regulation of quality, quantity and service.
 Maintenance of bargaining power.
 A fair price to the producer.
 A reasonable price to the consumer.
 The opening of all channels of trade.

Energetic advancement of this policy will soon bring back work and wages, restore the morale of all true Canadians and reduce the government's debt.

The foregoing is respectfully submitted on behalf of those primary producers in voluntary groups and those individuals who desire to protect their freedom to produce and to trade under constitu-

"tional laws of Canada."

I sincerely hope, your lordship, that I have not overstepped the mark in my presentation to you. I know that I have gone further afield than I should have, but I hope you will consider every question of Dominion-provincial relations. This is a matter upon which I feel very strongly. I have loved the land all my life, and I want to see the farmers get a better chance. As you know to-day, they have to pay two prices for what they buy, and I am speaking from experience. The farmer sells for a dollar and for what he buys, he pays two dollars. You gentlemen may be able to do something about getting the tariff down on machinery. I can recall quite easily that in 1895, a man could get an excellent mowing machine for \$60.00. It was not quite as fancy as the one you get to-day, but it would stand rough usage even better than the new ones for which we have to pay \$110.00. I am afraid that all of our machinery is much too high priced.

THE CHAIRMAN: We thank you for your submission Mr. Gardom. The question of marketing, whether it should be Dominion or provincial is a very important question and it has been presented to us at many of our hearings. This brief will receive our most serious consideration.

MR. STEWART: The brief and the supplementary it will be marked as exhibit number 213.

THE CHAIRMAN: Yes, it will be exhibit number 213.

EXHIBIT NO. 213: Brief and supplement on "Should government control the distribution of natural products?"

THE CHAIRMAN: The next submission is that of the Canadian Association of Social Workers, the B.C. Mainland Branch.

MR. G. F. DAVIDSON, Representative of the Association was called.

MR. DAVIDSON: Mr. Chairman and members of the Commission: I might explain first of all in order to clear up any misunderstanding that this is not, as I think you have said the main line branch but it is a joint submission of the B.C. Mainland branch and the Victoria branch. Since the preparation of this brief the Victoria branch has endorsed it. You will recall, I think, that your received during your hearings in Ottawa a submission from the national office of the Canadian Association of Social Workers. The submission dealt with the question of professional training with regard to the administration of social services. Our local branch of the organization has, therefore, tried to avoid duplicating that submission. It has concentrated on certain other points in the field of social welfare on which it feels that it has some authority to speak from experience. It has confined itself to these five points which you have before you on the matter of social service, not because it has no opinion on other matters, but because it feels that this is the only field on which it can speak from experience.

I might say in anticipation of some questions which I think you might in your minds that I am not representing any large number of persons. I am representing an organization which has approximately forty or fifty members in the Vancouver branch. There are probably a dozen members in the branch located in the city of Victoria. Our only claim to a hearing before you is due to the fact that we feel that social welfare and social work has emerged as a profession in Canada. We feel that as a professional body we have some right to make a submission in the field

of social welfare and those matters pertaining to our profession. Later in the brief, we attempt to summarize the five points in an endeavour to relate each point to the field in which the Commission has jurisdiction, namely, that of Dominion-provincial relations. Since you have a brief before you, I will not attempt to read it, but I will touch briefly upon the five points involved. I will attempt to clarify them and show you exactly what we mean at each point.

First of all, there is the question of federal versus provincial responsibility for the financing of social services. Here we have proceeded on the assumption, which I think is a valid one, that when it comes to a question of financing social services, there are only three units of government to which one can look, municipal, provincial and federal. It is with the latter field that this Commission is concerned. We wish first of all, to suggest that the placing of responsibility for social services in the relief field on the municipal unit, as we consider it, is unfair. The chief source of municipal revenue, as has been said many times, is a tax upon land and real estate. A great deal of the municipal revenue comes from this source. Facts have been placed before you to show that approximately 80 per cent of the revenue of a city comes from real estate. It is our belief that a tax of this sort should be allocated primarily to give the most benefit to property which is being taxed. In other words, the first claim on municipal revenue is a claim for community services in the field of general improvement. With this in mind, I think we can eliminate the municipal unit of government as the logical unit upon which the full burden of financing our social services should be placed. With

the elimination of this unit, we come to the two alternatives with which this commission is concerned, the federal or provincial government. It falls upon one of these to accept the responsibility. I think it might be suggested that the most logical source of revenue to bear the cost of social services, either federal or provincial, should be the income tax, whether it be provincial or federal. This is a tax upon individuals and is based upon ability to pay. This is not a tax on things. It would seem to us that the logical source of income for financing the social services appears to be the income tax.

Here, I would like to explain what is meant by "Social services". So far as this field of income is concerned, I think the Association refers more to what we might call categorical relief services. We have a general broad basis for administering relief and through the history of social welfare we have drawn out certain categories, mothers allowances, old age pensions, pensions for the blind and so forth. It is for the financing of these services that we suggest the income tax, provincial or federal, is the logical tax which should be used. This brings up the question of the joint invasion of the income tax field by the Dominion and the provincial governments. Since most people have submitted their views on what should be done in this field, we trust you will pardon our Association if it submits its views. On this point, I shall quote a little from the brief:

"We feel that while provincial governments have prior rights in the income tax field under the British North America Act, it would none the less be unwise for the Dominion government to withdraw from the field which it has entered and occupied

"since the war years. If the Dominion government were to do so, it would place the wealthier provinces, such as British Columbia and Ontario in a very favourable position and would undoubtedly provide them with adequate revenue to maintain a high standard of social services. It would mean, however, that the poorer provinces, especially the prairie provinces, would not be benefitted to a corresponding degree and would be unable to maintain even with this additional revenue, an adequate standard of social services compared to the standard prevailing in the richer provinces. It would mean, in effect, that the rich would become richer and the poor would become poorer. The poorer provinces would be unable to finance even a minimum standard of services because of their inadequate revenue. While this might be in the immediate interest of such a province as British Columbia, we are not so provincial as to believe that this would be in the interest of Canada as a whole. Nor do we, in fact, believe that it would be in the ultimate interest even of this province, since such a condition would inevitably lead to the migration of families in need of social services to the provinces where those social services are available on the most favourable terms, to an extent surpassing even the migration of the past few years."

Our feeling is that the Dominion government should retain its position in the income tax field and act as a levelling agent in this field so far as income between the provinces is concerned. The Dominion government could subsidize the provinces for social services--

THE CHAIRMAN: Just a moment, what do you include within

social services?

MR. DAVIDSON: I am speaking of the categorical types of relief, old age pensions, mothers' allowances, unemployment relief, unemployable relief, and other types of actual relief given. They are all known as pensions and allowances. There are two principles which we think should automatically cover the Dominion policy in giving grants-in-aid for general social services of the type to which I have referred. The first basis should be the basis of actual need, which would involve larger grants to the poorer provinces and be based on adequate standards of provincial administration. We feel that the Dominion government should act to set up a bureau of standards, an adequate bureau of research which would establish those standards in the field of social welfare. Incidentally, we would draw attention to the fact that we have little or no reliable information as to what those standards are in this country. We feel that the Dominion government should set up a standard or bureau of research upon the information available and should use the grant-in-aid as a lever to raise the standard before the grant is forthcoming. The same principle is embodied in the social security legislation across the line. The federal government makes a grant to the states upon the condition that certain conditions are applied, such as adequate training for the workers and certain minimum standards of administration. We feel, therefore, that the Dominion government should maintain its present field of income tax collection. We feel also, that the Dominion should make these grants-in-aid conditional upon the maintenance of adequate standards and it should adjust those grants-in-aid to the actual needs of the provinces.

I refer now to the inconsistency of the Dominion

government's policy. At the present time, the Dominion government is contributing 30 per cent of the cost of unemployment relief and is contributing 75 per cent of the cost of old age and blind pensions.

COMMISSIONER MacKAY: You say that the Dominion should adjust its grant-in-aid to the actual needs of the province, that is to say, that it should make larger grants to some provinces than to others?

MR. DAVIDSON: Yes, that is suggested in section A on that same page of the brief. We believe it is upon the basis of actual need that the Dominion should put the grants-in-aid. I might just refer, incidentally, in passing, that this is the principle which is being applied to some extent, in England at the present time. Mr. Huxley, was in this country last year and he spoke upon the basis on which the British Government gave grants-in-aid to the different local units. The basis of need, the basis of population, and certain other facts were taken into consideration in arriving at what the grant should be to the different local units.

COMMISSIONER DAFOE: They have some kind of formula which they can apply without too much investigation?

MR. DAVIDSON: They have some formula which they can use, but I am not familiar with the actual principles of the formula.

COMMISSIONER MacKAY: Is that one of the principles of the Social Security Act across the line?

MR. DAVIDSON: No, it takes a definite percentage basis, providing certain adequate standards are maintained.

If I might continue then, I was pointing out the inconsistency which had arisen with this Dominion government.

It contributes 30 per cent of the cost of unemployment relief, and 75 per cent of the cost of old age and blind pensions. It does not make any contribution to the cost of relief for unemployable persons. The theory is there, that the unemployable group is ^{not} the responsibility of the Dominion government under the British North America Act. This is an inconsistent stand because the Dominion government has taken out the two groups, the aged and blind, and accepted partial responsibility for them. We feel that there is no barrier to the Dominion accepting responsibility for unemployable relief. The reason for this inconsistency of policy is the fact that our social services have grown up piece by piece and we feel that if the Dominion government were to adopt a policy of making contributions towards a general social service programme, without regard to the categories to which it is at present limited, it would assure a greater uniformity of service and a better standard of service.

We have one further suggestion to make on this point of the Dominion financing social services. We do not think that the provincial government should turn over the income tax field entirely to the Dominion government. However, we feel that for reasons of economy which are already before the Commission, the Dominion should collect both the federal and the provincial income taxes. This could be worked out on a basis of experience over the post-war years, when both federal and provincial governments were taxing income. If this were done, the federal government could collect the tax and then turn over to the provincial government its share. The Dominion government's own share of the income tax could be used, partially at least, for making grants-in-aid to the provinces in the social service field.

COMMISSIONER ANGUS: Would that involve a uniform rate over the Dominion or a different rate for each province?

MR. DAVIDSON: It could be worked out on a different rate for each province, I think.

COMMISSIONER ANGUS: Which had you in mind?

MR. DAVIDSON: That is, as I said, a matter of detail which has not been considered. I could give my personal opinion on that, but I cannot speak for the organization.

(Page 5780 follows)

The second point is that of employment service. Here we are endorsing a recommendation of the National Employment Commission, which has already been made to the Government, that the employment service of Canada be re-organized as a federal, rather than a provincial service, as at present. At the present time it is a provincial service with grants in aid from the federal government, but we feel that the employment service of Canada is bound up so completely with any scheme of unemployment insurance that this will have to be taken into consideration in deciding whether the federal or provincial authorities should continue to administer the employment service.

Public opinion, and apparently the preponderance of governmental opinion, seems to be in favor of operating unemployment insurance on a national basis, and we feel that the employment service of Canada should likewise be federal rather than provincial.

There are certain arguments advanced against that suggestion, that some provinces have a higher standard of employment service than others. We feel that certain sacrifices should be made in the interest of Canada as a whole, to have a common higher level, than to have some at a high level and some at a very low level. A further argument in favor of making this a federal service, rather than a provincial service, is that it will make it possible to bring together men and jobs without regard to provincial boundaries, to the extent that is not possible at the present time.

We have the situation at the present time of employment services operating within provincial boundaries, and it is conceivable there could be a time where we would have certain types of labour in one province, and

a surplus of employable men in another province. I quite realize there is a natural prejudice against bringing in men who might be a potential burden to the community, if they come in from another province to supply that demand, but I think that the institution of an Employment Service of Canada, on a federal basis might, to some extent, overcome that difficulty.

The third point which we feel should be taken into consideration in making this transfer of jurisdiction, is this:

"There is one final point that we would like to bring to the attention of the Commission in connection with employment services. During the depression years, with the employment services provincially administered and the unemployment relief services also provincially administered, there has been, as would be expected, a fairly close tie-in between these services, one of the requirements being that persons on relief should be registered with the Employment Service of Canada in order that they might be in touch with any employment opportunities that might arise".

We feel that this led to an inevitable deterioration of service on the part of the Employment Service because of the fact that they were swamped by the demand upon them, and because so much of their time was given to registration and routine matters, to a certain extent, the real work of employment finding suffered. There is the further fact that in an endeavor to assimilate a large group of employable persons on relief into the Employment Service of Canada, the specialized services for types other than unskilled labour have degenerated. We do not criticize the employment service itself, but point out that this

is an inevitable result of the situation in which the service found itself.

We feel that this is an additional reason why the Federal Government should take over control of the Employment Service of Canada, because in this way it will be easier to keep the services from being swamped by the provincial administration of unemployment relief.

We refer then on the rest of page 4, to several considerations which we think should be kept in mind as far as the administration of that employment service is concerned. There are several groups referred to, such as the skilled workers and "white-collar" workers. That section of the brief deals more with the quality of service that should be expected rather than the field in which it operates. It is significant, however, to note in support of our contention that the employment service is not operating as it should at the present time, and that is said with no disrespect to the service itself. It is significant to note the figures given by the "National Employment Commission" in one of its publications, when they polled a group of employers throughout Canada as to where they obtained their help, and found, in 7% of the cases, that those employers used the Employment Service of Canada. What is needed is a more aggressive policy of job-finding, which will create, instead of a clearing house for employers, a definite, progressive policy of going out into the community and finding jobs for the persons requiring that service.

The next point which we feel very strongly in British Columbia, is the problem of the non-resident, - the transient. It has been, and still is, and has every prospect of being a major problem in the field of social service administration. It is a problem, first of all, of the inter-municipal and inter-provincial transient.

It is a fact that a person moving from one municipality to another, or from one province to another, is denied relief, and other types of social service, purely on the grounds of non-residence, even though their need for assistance may be frankly recognized. We feel that it is not in accordance with the democratic principles of our country, and we feel that instead of discouraging the movement of persons in search of health and employment from municipality to municipality, or from province to province, their fundamental right to freedom of action should be recognized, and encouraged within reasonable limits. I happened to be here this morning and heard the discussion in regard to Dominion control over the migration of chickens. We are suggesting that the Dominion government should at least enter into the field of inter-provincial migration of human beings.

THE CHAIRMAN: They were dealing with those only one day old.

MR. DAVIDSON: Age is not a factor here, I suggest, Mr. Chairman. The economy of our country requires a certain floating population and far from discouraging the movement of persons in search of health and employment we feel that their basic and fundamental right to freedom of action and freedom of movement from one part of the country to another should be recognized, and should even be encouraged within reasonable limits.

An attempt to meet this situation, as it affects inter-municipal transients in the province of British Columbia has been made in the Residence and Responsibility Act, which was passed by the provincial legislature at the fall session of 1936. We feel that the principles employed in this act, which set out certain definitions whereby a person may acquire residence, may well be

applied to the problem of inter-provincial transients, either by equivalent legislation in other provinces or by inter-provincial agreement. There are two ways it can be done.

We feel that if there is any reluctance on the part of a province, as there undoubtedly will be, to enter into these inter-provincial agreements on a voluntary basis, that the Federal Government then has the responsibility and should, if necessary, make acceptance of such agreements one of the conditions of receiving grants in aid.

We feel that in British Columbia we are suffering as a result of this transient and non-resident problem; persons moving in from more unfavorable locations in other provinces. We realize that these other provinces are benefiting from this, and it is only natural that as long as they can avoid having to accept the responsibility for their residents in British Columbia, or elsewhere, they will do so. We would probably do the same if we were in their place.

THE CHAIRMAN: What would be the terms of residency in this B.C. Legislation to which you refer?

MR.DAVIDSON: It requires a person to be self-supporting for one year in a municipality, or for three years regardless of self-support, before he can establish residency in that municipality. It further applies where he has established residency, he continues to maintain that residency until he has established it on a low basis elsewhere.

COMMISSIONER DAFOE: A person moving from a municipality, and kept on going, would retain his original residency indefinitely.

MR.DAVIDSON: Until he had settled down one year on a

self-supporting basis, or for three years with support elsewhere.

THE CHAIRMAN: Like migratory birds, he would have no permanent residence, except his original one.

MR.DAVIDSON: I am not suggesting that this type of action will solve 100% of the problems in the residency field, but I am suggesting, - and I am speaking with some experience, - being on the Board of Arbitration of the Residence Act, but it does solve a considerable number of cases, and has been working with a fair amount of success in this province for a year at the end of this month; and that there are certain principles, - not the details, - which would warrant careful consideration by the different provinces with the Dominion supervising, if we are ever going to solve this problem of inter-provincial transiency.

COMMISSIONER DAFOE: Is there any trouble when a man moves from a municipality where living costs are low, to a city where they are high?

MR.DAVIDSON: There is provision for that in the Act. It was originally the hope that there would be a permanent system installed, but that was found to be impractical, and at the present time the Act provides that where a person moves from a low-cost area to a high-cost area he can do one of several things: He can receive a permit from the municipality from which he moves, - in an urban area he can move without that permission, - in which case he receives the lower scale of relief, unless he appeals to the Board of Arbitration, and they deem it in the interest of health, prospect of employment, and so forth, to grant a credit, in which case the higher scale can be assessed. That is a detail of administration. I am not suggesting that all the details are perfect, because I know some of our troubles in connection with

that piece of legislation, but I do suggest that the principles are valid and should apply inter-provincially as well as inter-municipally. The snag that I see, and that I know the members of the Government see, is that provinces in the east which benefit by this flow of persons from their boundaries are not willing to accept these terms. We therefore feel that the Dominion Government, through the fact that it is making grants in aid to the provinces should make such grants a lever and make acceptance of such agreements for inter-provincial responsibility one of the conditions of receiving the grants in aid.

The fourth point is that of Contributory Unemployment Insurance on a Dominion basis. Here again we endorse the suggestion of an adequate National Unemployment Insurance Scheme and wish to state our approval of the present efforts to amend the B.N.A. Act. with the consent of the provinces, in such a way as to make federal jurisdiction in this field an indisputable fact. We point out two reasons for the importance of such a scheme. First of all, its economic importance, in eventual saving to the various governments; and secondly, the importance to the individual, in the elimination of the means test, which is one of the necessary evils in the administration of unemployment relief. I do not think it is necessary to elaborate further on that point, Mr. Chairman.

THE CHAIRMAN: No, we have had that quite fully presented to us.

MR. DAVIDSON: Then, there is the fifth point, the problem of housing. We feel that the present legislation of the Dominion Government, the Dominion Home Improvement Plan and the Dominion Housing Act, while they are steps in the right direction, must be recognized by this time as

being inadequate to meet the need if we are ever going to catch up on the shortage of houses, especially in our large urban areas. The fact that the Dominion Government has accepted responsibility in this field, I think, is sufficient warrant for leaving it there. I am not suggesting that the Provincial Government should be asked to take on any extra burden in this connection. We feel, however, that there are two points which should be brought to your attention in particular. The first point is, that the benefits of the Dominion Housing act as at present operative, through the private mortgage companies, are not available to certain sections of our larger urban communities. That is certainly true of the city of Vancouver, and I have reason to believe that it is true of other metropolitan areas in Canada.

THE CHAIRMAN: Well, why is it not available?

MR. DAVIDSON: I explain that in the brief. Private mortgage companies cannot, perhaps, be criticized for showing reluctance to issue loans for the building of homes in the eastern section of the city, and while we understand that there is no definite ruling against making loans for building in these less desirable sections, we also know that the chances of getting a loan are much less than they are of getting a loan for a building in the more desirable residential areas. The mortgage company does not wish to take risks within the less desirable residential areas, such as Mount Pleasant, South Vancouver, and the east-end of Vancouver. These areas are to all intents and purposes ineligible for the benefit of the Dominion Housing Act. We do not say that they are completely excluded, but we do say that the refusals are greater than the acceptances. That situation exists also in other towns in the province, and we feel that it is quite obvious that it is within

these very areas that the greatest need for a housing program exists.

THE CHAIRMAN:: What do you suggest, Mr.Davidson?

MR.DAVIDSON: The suggestion we have, Mr.Chairman, is this: We do not say that the present arrangement should necessarily be interfered with, we are not suggesting for a moment that the private mortgage companies are a "nigger-in-the-woodpile", and that they should be removed from participation in this Act, but we suggest this, that the proper scheme would be the establishment, in addition to the present arrangement, of a National Housing Commission, which would be in effect a government mortgage company, and which would take responsibility for making loans in these poor risk areas where the housing need is most acute, and, assume a greater measure of risk on the part of the Government as a type of social service, which the private mortgage companies will only assume in the better class areas.

THE CHAIRMAN: Has not the result of most of the government loaning boards which have been set up to make loans on mortgages been a very heavy financial loss to the Government?

MR.DAVIDSON: That may be true, but at the present time these conditions, when they are left untouched, are also resulting in heavy cost to the government, as far as housing conditions and deterioration of land values are concerned. It is a question which no one can answer, and on which we can only have vague opinions, as to which is the greater cost. I do not think there is any question, however, that if the two costs are comparable in size, that some effort should be made to remedy the situation and establish a better system of housing in those areas.

THE CHAIRMAN: If one could only create an improved sense of responsibility on the part of people who borrow from the Government, so that they would feel the same obligation to repay such loans as they do if they borrow from private parties, it would make it easier for the Government loaning authorities to make loans.

MR. DAVIDSON: Do you think, sir, that it is a question of conscience, which makes an individual repay a loan to a private party?

THE CHAIRMAN: I think it is the lack of conscience that makes him reluctant to pay it back to the Government.

MR. DAVIDSON: There again, sir, we may differ in opinion. I think it is not a question of conscience so much as what may be taken in the way of action against him. He may think the Government is less likely to take action against him than a private organization.

Well, that is a suggestion which we advance for what it is worth, and we have no other suggestion which we think will be of interest to the Commission in connection with this housing program.

THE CHAIRMAN: What do you think on this point, Mr. Davidson? It goes to all these government services where loans are made. Is it that the man is not in a position to repay the loan, and because of that reason the Government does not press it, or is it because of political considerations, which influences the Government's action, and he need not make payment as he would be required to make payment to a private corporation?

MR. DAVIDSON: I can only give my own opinion, and that is this, sir: I do not feel that it is necessarily true that an individual who makes a loan from the Government feels any less keenly the sense of responsibility, but I do feel this, that the only reason the government

would be in that field at all would be because the element of risk is greater than a private company is willing to assume, and it is the greater risk that causes the loss as far as government loans are concerned.

We have just this final portion of our brief to present on housing:

"We do not feel, however, that the Federal Government should be expected to play a lone hand in the field of housing, as the municipal units will receive a very large share of the benefits from such a program and should therefore be expected to co-operate by making available land on a tax free basis, or at least on a reduced basis, for a number of years and by special exemptions to improvements in order to promote the use of low-cost housing legislation.

It may be asked "how can the municipalities, already overburdened and weighed down with financial difficulties, make any other exemptions affecting their revenue to promote such a scheme?" If the relief in other fields of social services not properly chargeable to real estate taxation is given to municipal units of government as recommended in the earlier part of this brief, it is felt that the municipalities would then be in a position financially to consider co-operation in regard to the promotion of a low-cost housing program. It is felt furthermore, that they would be willing to make concessions in this field which they are reluctant to make in the more general fields of social service because of the fact that there is tangible evidence through the erection of better houses of the beneficial

results which would accrue in the field of actual community improvement. Money spent in this field by the municipalities is much more closely related to the purposes for which the property tax should be used than money spent for other services and it is felt that if the senior governments take the steps advocated earlier in this brief and relieve the municipal unit and the property tax from the burden of other general social services, co-operation between the Dominion Government and the municipalities could be obtained in the field of low-cost housing."

And we feel that certain conditions could be set up by the Dominion Government, where it could attach to its entry into this field and make concessions by the municipality the conditions of grants in these poor risk areas.

Those are the five points we would like to present, Mr.Chairman. They have been summarized, for your convenience, on the last page of the brief, and we have made an effort in each one of the points we have discussed to relate that point to the problem of Dominion-Provincial Relations.

THE CHAIRMAN: We thank you for a very clear and forceful presentation of this brief, which deals fully with some of the urgent problems which the Commission must consider.

EXHIBIT NO. 214 - Brief presented by "Canadian Association of Social Workers"
B.C. Mainland Branch

MR.STEWART: My Lord, the Corporation of the City of Revelstoke has submitted a brief. They do not wish to make any observations on it, or present it verbally, but merely wish to file it.

THE CHAIRMAN: What does it cover?

MR. STEWART: It deals with a great number of problems, of taxes and sources of revenue; distribution of power of taxation among the three types of government; it deals with employment; production; transportation; currency; borrowing interest rates; imports and exports, including tariffs; commodity prices; wages; sweepstakes; and disability insurance.

THE CHAIRMAN: That will be exhibit No. 215.

EXHIBIT NO. 215 - Brief filed by the Corporation of the City of Revelstoke.

MR. STEWART: My Lord, the Surveyor-General is prepared to make a statement.

MR. F.G. GREEN, Surveyor-General, Province of British Columbia, was called:

MR. STEWART: Mr. Green, you have prepared a brief, or series of notes, on the work of your department in its relation to the work of the Surveyor-General of Canada?

MR. GREEN: Yes.

MR. STEWART: Would you tell us briefly the division of work in the matter of surveys, between your Department and the Dominion Department?

MR. GREEN: Your Lordship, and gentlemen of the Commission, this brief deals with the subject of topographical maps, and in that field the Dominion Government and the Provincial Government are active in this province. The brief suggests a plan by which better maps can be secured at reduced cost to both governments. Different points in the province differ greatly in elevation. It ranges all the way from sea level to over 13,000 feet altitude, or an altitude of over two and a half miles, which affects our economy in many ways. For example, a ridge a thousand feet high might have more influence on transportation than several miles of

plateau. In the same way, timber in the southern part of the province grows to an altitude of about 6,500 feet, and in the northern part of the province to about 2500 feet. In agriculture, the temperature changes, the average temperature change is one degree for every three hundred and thirty feet in altitude. Also, the water vapour, - 50% of that water vapour is under 6000 feet in the atmosphere, and that water vapour is the thing that controls atmospheric radiation. The result is that when you are on the mountain slopes from the valleys the rate of radiation increases very rapidly with the result that at high altitude you will have short days, and perhaps at seven thousand feet you will have ice on your water buckets in July or August. For that reason, topographical mapping, with contour lines, is of great importance in this province, where conditions change very rapidly with differences in elevation.

In this brief that is prepared, I think that page 4 perhaps might be taken first. In that connection there is a certain map referred to, - this is used as an illustration. I have extra copies of that here, if they could be distributed.

MR. STEWART: It might be well to have this brief marked exhibit 216, so that its number will precede any supporting exhibits.

EXHIBIT # 216 - Notes on Topographical mapping submitted by Surveyor-General, Province of British Columbia.

EXHIBIT # 217 - Topographical Map, Nimpkish Sheet Forest cover edition.

MR. GREEN: By the way, it would appear that this map was a Department of Interior Map. It was published by the Department of Interior, but a little text on the south-east corner is the joker in the situation. As a matter of fact, it is a provincial map, although published

by the Department of Interior. Three quarters of the expense was borne by the Province, - that is the aeronautical expense. On page 4 I have given a few notes showing the value of topographical maps, as illustrated by this one which we consider a very good map.

It answers every provincial and Dominion purpose.

"To illustrate what is meant by a One Mile scale topographical map capable of fulfilling all provincial needs, I attach a copy of the Nimpkish Sheet, Forest cover edition. Though published by the Dominion as a part of their National topographic series, all field work and manuscript plotting was done by the Provincial Surveys Branch, and the forest information was supplied by the Provincial Forest Service. Aerial photography was by the Royal Canadian Air Force. Contour lines are at 100 foot vertical intervals.

This Nimpkish sheet is used for illustration as it is the only one so far published of some sixteen similar sheets on which field work and plotting have been completed and which are all more or less advanced toward publication.

The area covered by the sheet is 375 square miles. Its cost, aside from the Forest cruise, has been about as follows: --"

THE CHAIRMAN: We have the figures before us.

MR.GREEN: I might say this is a heavily timbered area on the northerly part of Vancouver Island. Unfortunately, not all parts of the province cover such stand of timber.

"The Provincial Forest Branch cruise shows that this area contains 2,613,520,000 F.B.M. of merchantable timber (coloured dark green on map)

or about 32,500 F.B.M. per acre on the 80,416 acres carrying commercial stands. At the present rates, averaging about one dollar per thousand F.B.M. the Province will collect about \$2,613,520 in timber royalties from this area. The Geological Survey of Canada has already used this Map as a foundation for their Geological Survey and the comment of their geologist appears below. It furnishes a trustworthy basis for the aeronautical charts now being prepared by the Dominion and the timber owners have already found it of great value.

From this map information such as the following can be secured.

Agriculture: - The slopes and altitudes shown rule out all areas except the Nimpkish river bottom and very limited tracts at south end of Bonanza Lake and mouth of Tsitika river, so soil examination could be confined to those areas". That would cut down the work of the Department of Agriculture.

Timber: - Both the air and ground photographs taken show general characteristics of timber and very clearly where the high altitude scrub starts. A detailed cruise of the timber is expedited and the closeness of contour lines gives information as to logging conditions and best transportation routes. It is obvious from the map that timber growing should continue to be the main surface contribution of this area to provincial resources.

Water: - Area of any watershed within the area can be accurately determined, storage capacity of lakes with the area which will be flooded by any raising of their levels, characteristics of possible dam sites with photos available for preliminary examination as these photographs show rock outcrops,

etc., There is an important possible water power just off the sheet below Nimpkish Lake.

Geology: - The shape of mountains as disclosed by a contour map gives a geologist much information, and with respect to this very map sheet a Dominion Government Geologist said to me 'With such a topographical map I can cover two or three times the area in a season and do it better'. In addition the air photographs often show up faulted areas and rock intrusions which bear^{on}/mineral deposition.

Transportation : - It is obvious that a locator looking for a route across country for road or trail could cut down costly reconnaissance and could be sure that he had the lowest passes. One half mile of mountain highway construction saved would pay the entire cost of the topographic map sheet.

General: - Topography changes little through the centuries so the work of high quality can be considered finished for all time. Any changes in forest cover due to fire or logging could be plotted from new air photographs with little or no ground work. The permanence of good topographical survey work should be stressed. Aeronautical charts can be prepared from such accurate maps with the certainty that a pilot flying in fog will not butt into a mountain unexpectedly high. Inferior maps do not possess this quality."

THE CHAIRMAN: How does that relate, Mr. Green, to Dominion-Provincial Relations?

MR. GREEN: Your Lordship, the other part of the brief deals with that question; if I may go on with the first page now.

"The situation with respect to topographical mapping in this province might be illustrated as follows: Let it be supposed that transportation is needed between two points and that the Dominion Government is responsible for farm roads, and the Provincial Government for motor roads. The Dominion builds a dirt road with light bridges suitable for farm carts at a cost of \$60,000. The Province a year or two later is forced to build a motor road on a revised location at a cost of \$100,000, thus, providing for transportation has cost the taxpayer \$160,000. Had both sides joined to build a good road at first, that road would have supplied all needs at a cost of \$100,000, and at a saving for both Governments, and with a better road for the farmer from the beginning."

THE CHAIRMAN: Why do you say the Dominion builds the dirt roads?

MR. GREEN: The Dominion is engaged in topographical survey in this province. In that connection we are preparing topographical maps, which are not sufficiently good to satisfy provincial needs.

"Under section 5 of the Terms of Union, the Dominion is obligated to carry out a geological survey of the province. Topographical mapping is a necessary preliminary for good geological work and the geologist should have such maps with them when they start field work.

In a country such as British Columbia with its high relief, topographic mapping with contour lines gives the best possible foundation for an inventory of resources. On such maps information concerning geology, water power resources, timber resources, agricultural lands, etc., can be shown to the

best advantage, and in a country of high relief all these things are closely related to altitude. With such maps the danger of locating roads and trails through the less suitable passes is practically eliminated. In short, good topographical maps are the cheapest form of insurance against costly errors in public expenditures. In addition, accurate contour maps give the only safe foundation for the Aeronautical charts now rapidly coming into demand, for a wrong mountain elevation shown on such maps may prove a contribution to homicide."

I might say, with respect to that, the Dominion is now preparing aeronautical charts for the Trans-Canada Airways, and also for the route up the coast between Victoria and Prince Rupert. We have been giving them every assistance possible towards the preparation of those maps, giving them all topographical information. In regard to certain areas we can give very definite information and say, "These mountains are a certain height", but on other areas we cannot give them that information. It is very desirable that we have maps of a mountainous country such as this before flying is undertaken. Those maps are becoming increasingly important, and probably will cover the entire province at some early date, - before many years have passed, because even at the present time there is a flying service to the Yukon.

"Aerial photography combined with certain phototopographical (ground photography) methods of control developed and proven in this Province, now gives a means of producing accurate topographical maps at such low cost as to justify a great extension of this work and the practical abandonment of the lower class one purpose mapping heretofore

extensively carried out by various services.

Prima facie, topographic mapping can be more economically handled by British Columbia surveyors trained on our mountains with all their special problems in transportation, etc., etc., than by surveyors with similar educational background but sometimes with little mountain experience and more especially if these men have to come from a distance, with waste of time and transportation costs. The outside men must also collect triangulation, land survey and other information on file in Victoria."

That is not intended as a criticism of work done, - some of the work done by Ottawa is of very high class, fully equal to any we are doing, and in one particular, I think, even better than our standard. But for the short season available in the high mountain area it does seem foolish to have men spend a good proportion of the time in that season travelling to and fro, with all the added costs and expense. So prima facie, I think, this work can be more efficiently performed locally than from the outside.

"Under the recent re-organization of Departments at Ottawa the number of these Departments carrying on survey operations in B.C. has been reduced so that at present the Department of National Defence is carrying on military mapping, while the Department of Mines and Resources is carrying on geodetic surveys, hydrographic surveys and topographic surveys for general purposes and for the needs of the Geological Survey. The Department of National Defence has special needs and we do not suggest that their work would be transferred to the

Province, and the same applies to the Geodetic survey and to the Hydrographic survey as their operations are tied up with International Boundary and navigation matters and are essentially national undertakings. With the other types of topographic mapping the situation is different and we believe that these could be carried out by the Province with a decided saving where the ultimate object is a contour map fulfilling all Dominion and Provincial needs."

With respect to the military map referred to, they have covered certain areas in southerly Vancouver Island, and the topographical survey of Canada, formerly in the Department of the Interior, carried out certain work in the lower Fraser Valley. I understand it was at the request of the military authorities. Last year we did considerable work, in conjunction with the Department of National Defence. We needed a map for our own purposes, of the south-west coast of Vancouver Island, and they were satisfied that it would meet all their needs, and in that way we saved them very heavy expense. They, in turn, did some aerial photography on the west coast.

(Page 5805 follows)

" Provincial experts have estimated that with aerial photographs furnished, they can carry out the necessary field work and plotting for publication for one mile scale maps with 100 foot contours ..."

I may say 100 foot contours we have found the most desirable, and the one mile mapping is about as small a scale as we require in this province, about the scale that we do require for most of the area.

"...one mile scale maps with 100 foot contours at a cost of 60% above what it would cost to do the necessary field work and plotting for a four mile scale map with 500 foot contours."

That is the usual geological survey scheme.

"The one mile map would meet all Provincial needs for generations to come and the aerial and survey information on file after the survey would permit of the publication of even larger scale maps should these be required for special purposes. For Complete work, including all steps from the triangulation foundation to the published maps, the costs are estimated as follows:"

And here they are detailed. It amounts to a total per square mile of \$30. The first \$5. is the estimated cost of aerial photography and the final \$4. making up that total is for actual publication. We do not know the costs at Ottawa but we are satisfied that that is a reasonable allowance. We had what was almost a tender from a lithographing firm, on which we have based this \$4. item.

" We do not know the actual cost of photography by the Royal Canadian Air Force but photography of some 2500 square miles on the Queen Charlotte Islands was carried out by a privately owned plane in 1937 at a cost of \$2.00 per square mile. This

"work was not up to the standard of work done by the R. C. A. F. Private aerial photography done in 1929..."

That is the photography done by private planes.

"...when experience was limited, cost the Province about \$10.00 per square mile so \$5.00 is probably a reasonable estimate under present conditions. Such photography would appear to be valuable experience for R. C. A. F. pilots, and as it would offer a contribution toward accurate aeronautical charts, their hearty co-operation might be expected.

If the Geological survey programme were known one year in advance, topographical maps far better than the average they have heretofore used, could be furnished their geologists for their field season. In addition, these maps would have great value for the Trans-Canada Air Service and the Dept. of National Defence, particularly for the preparation of Aeronautical charts. The hydrographic survey would also find the triangulation and shore information most useful."

We co-operate very fully with the hydrographic survey at the present time. We have an extensive system of triangulation along the coasts and we furnish them with the co-ordinates on all our stations at the beginning of their season's work. There is the fullest co-operation I may say between Ottawa and ourselves as far as the survey branches are concerned. There is an occasional bit of overlapping. This is not so much an overlapping, it is more of a proposal that a better class of work be done in the first instance than a few years later, and a class of work that would satisfy all provincial needs as well as the Dominion needs. The work being done by the Geological survey

is good enough for their purposes, that is for the Geological mapping of the area, but it does not give any information as to timber, the land qualities, their contours are only at 500 foot intervals, which may mean a possibility of a logging road.

THE CHAIRMAN: There is quite a difference between a geological survey, sufficient for that purpose alone, and the making of one that would cover other useful services.

MR. GREEN: That is the point, your Lordship. And the cost of the real good map, with modern methods and the use of aerial photography, is so little over the other, that I think the time for the old mapping has definitely passed.

THE CHAIRMAN: Have you submitted these view to the Dominion?

MR. GREEN: No. Well, I have in discussions but not in this way. I will immediately send copies of this to the different officials there, to the Surveyor General and the head of the Topographical Survey and the Department of Mines.

MR. STEWART: Is there any reason why, if the maps were made in accordance with your suggestion, they would not be sufficient for the purposes of the Department of National Defence and for Mines and Resources, with the Geodetic and Hydrographic survey?

MR. GREEN: Of course, the Hydrographic survey is a matter of sounding. They are out at sea. The shore indication is the only thing we have over a good part of it. They are amply sufficient for the Department of National Defence except in certain cases, for instance, if they wanted to fortify an area, they would want closer work than they have shown. With respect to the geological work,

the answer is they are glad to use our maps. They are already being used, 2400 miles in the Barkerville area, that is a gold producing area, and in the central interior, they have also used pretty nearly 2000 square miles of Vancouver Island and the geologists expressed delight with the maps furnished. They are undoubtedly far superior to what they found necessary for their purpose in the past.

MR. STEWART: Mr. Green, were you here this morning when Mr. Munro was speaking about the areas still available for agriculture?

MR. GREEN: No. There is just a little of this, if I may just complete it.

" It is suggested that if the R. C. A. F. would undertake an extensive flying programme, preferably two years in advance of field work, and if the Dominion Government in lieu of their present general and special purpose topographical work would also contribute \$10 per square mile toward the cost of one mile topographical mapping, the Province might gradually speed up the present programme, which covers from 1500 to 2,000 square miles per year, to five or six thousand square miles per year, and thus meet all Dominion and Provincial needs."

That is a lesser cost than obtains, I am sure it is very much less than the topographical maps used by the geological survey are costing them at present. I am sure they do not get by with any such figure as that.

" The table attached shows the progress of Topographical mapping in the Province to date. In it the Dominion Government services have been given the benefit of any doubt in the matter of quality as we are almost certain that some areas shown as standard

"work--Stikine River for example--are much below Provincial standards,"

We know from actual experience that many of these geological maps are not very reliable except sometimes on the higher peaks. They do not pay much attention to the rolling country below, especially the country that is covered with wash, they are not interested in that, the rocks do not outcrop.

"Additional needs have already made it necessary for the Dominion and Province to resurvey some 1849 sq. miles originally mapped by the Geological Survey of Canada."

Of that 1849 square miles more than half has had to be resurveyed, that is by the Department of National Defence and by the Department of the Interior. There is an awful waste in that.

There was another map, I do not know whether it was put before the Commission or not, showing the areas covered by the various agencies (produced).

In the statement, I have tried to make it about as brief as possible.

MR. STEWART: With reference to lands still available for agricultural purposes in British Columbia, were you here this morning when Mr. Munro was giving his statement?

MR. GREEN: No.

MR. STEWART: He suggested, in short, that the lands still available for agricultural purposes were approximately five times those already used for agricultural purposes.

MR. GREEN: Yes. Of course in many cases those lands are in private hands but not actually cultivated. Not having heard Mr. Munro I don't know just what he said, but in 1934 there was a meeting of district agriculturalists in Victoria and the question then came up, it was raised

by a question from the Surveyor General at Ottawa, as to what was the extent of the agricultural lands in this province. The Dominion government has had a rather low estimate. Mr. Kelly, head of the Soil Examination branch of the Department of Agriculture, collected the views of the various district agriculturalists present, and also there were some representatives of farmers' institutes present at that time, and they took the various maps of the province, and after study they prepared a tabulation showing the land available, that is, of tillable land and of grazing lands in the various part of the province, and this map which you now have before you is just putting on the map what their estimate showed. I know this province pretty well and some sections of it I know intimately. I have checked most of their figures and in those sections I am satisfied that they are just about right. In some cases my estimate is a little larger and in other cases, smaller. I think there has been some correspondence with the Secretary of your Commission from the Minister of Lands and in that correspondence these figures have been given and the basis on which they were prepared has been described. Roughly, according to this estimate, there is four million acres of arable land, perhaps one-sixth or one-seventh of it actually in use, and about sixteen million acres of grazing lands, that is, grazing lands within reasonable reach at the present time. You will note that in the northerly third of the province, there is no agricultural land shown in that area. We have reports, for instance, in the Chilcotin Valley there is 200,000 acres of arable land in that valley. They are not very trustworthy reports, that is they are not from an expert, they are honestly made but not by an expert. We have not shown that as agricultural land at all for the

reason we do not know anything about summer frost conditions up there, to say whether they really have value. But there is no doubt that considerable areas of that section will be used if industries grow in the neighbourhood, mines or other industries grow up so as to utilize their products. But they are at present too far from transportation to consider them agricultural areas. Vegetables have been grown well to the North of the British Columbia boundary but Mr. Stefanson remarked that it would be just about as foolish to try to raise wheat at Great Slave Lake as it would be to raise ostriches in Iowa, although both could be done.

EXHIBIT NO. 218: Agricultural map of
British Columbia

THE CHAIRMAN: We are very much obliged to you Mr. Green; it is a very interesting statement.

MR. JOHN F. WALKER, Deputy Minister of Mines was called.

BY MR. STEWART:

Q. Dr. Walker, you prepared a brief covering the work of the Department of Mines of British Columbia and the work of the federal Department of Mines and Resources, carrying out similar or cognate services? A. Yes.

EXHIBIT NO. 219: Memorandum re Dominion and
Provincial Departments of
mines.

Q. Are there any respects in your opinion in which the work of the provincial Department of Mines overlaps that done by the federal Department of Mines and Resources in British Columbia? A. No.

Q. No respects at all? A. Mr. Chairman, the only respect in which there might be any overlapping would be in what we call the stock-taking of our natural resources. That is an annual examination of certain mining properties.

The federal department sends out two or three men each year on short trips, but they embody their work into a stock-taking of the natural resources, you might say, of Canada. That is a general report of, we will say, gold mining in Canada, silver mining, and so on. That is the only respect at the moment in which there is any overlapping.

Q. There is just one point occurred to me as possible overlapping, and that is the assay branch of your department?

A. That is an integral part of the mineralogical branch. It is necessary that we do assay work for the engineer of that branch. We also do analytical work for other government departments as well as for the needs of the Department of mines. In Ottawa they do a certain amount of assay work there. It is almost impossible to get any work done in the department apart from their ore testing work.

COMMISSIONER ANGUS: Do you mean the province would not be put to that expense if the work at Ottawa was done more rapidly?

MR. WALKER: If you want to get assay work done at Ottawa, they would have to increase their staff and work to meet the requirements, there would be no reduction. We do our assay work and the analytical work here is tied up entirely differently to what theirs is. I may say I spent ten years with the federal department before coming here and I know their work quite well and I am satisfied that the work of the two departments could not be more economically administered by one. I think it is fairly obvious that the administration of mining laws, the inspection of mines for the safety of the worker and the annual stock-taking of our mineral resources and direct assistance to the prospector and small operator can be more

efficiently handled by the local department. If mining laws were put under one government they would be uniform over all Canada and the physiography of Canada is such that mining laws that will work in British Columbia will not work in Ontario. In general they might be similar but in detail they are not.

In the research work, the basic research can be more efficiently administered by the Dominion. The Dominion has the finest ore testing laboratory in the world. If that organization is decentralized and we had to do our own work here it would cost us a quarter of a million dollars. To set up a very much smaller plant and less efficient plant, it would cost us \$100,000. Having the work like that centralized, you can have one efficient plant with the best equipment in it, the best men, when you are working for the whole Dominion.

In the case of the geological survey, it is a debatable point whether it could be better handled by the province or the Dominion. I don't think there is any doubt you could get more work done by closer administration than you could get in Ottawa for the same amount of money, but there is tradition of nearly a hundred years behind that organization, and it means something to the public, and by doing that work in Ottawa you have some standard of geological mapping throughout the entire Dominion. If that was decentralized each province might have its own standard of work and there would be no uniformity.

THE CHAIRMAN: Thank you, Dr. Walker.

MR. E. G. ROWEBOTTOM, Deputy Minister of Trade and Industry, was called.

BY MR. STEWART:

Q. Mr. Rowebottom, you are Deputy Minister of Trade and Industry? A. Yes, sir.

Q. And you have had prepared and submitted a memorandum

of the work included under your Department? A. Quite right, yes, I have that memorandum here.

THE CHAIRMAN: That will be Exhibit 220.

EXHIBIT NO. 220: Memorandum re Trade and Industry

MR. STEWART: Q. As I understand it, Mr. Rowebottom, there are three bureaus comprising your department? A. That is right.

Q. The Bureau of Economics, and Statistics, the Bureau of Industrial and Trade Extension and the Bureau of Tourist Development? A. Quite right.

Q. Dealing with the duties of the Bureau of Economics and Statistics, wherein does the work described for that Bureau differ from that of the Bureau of Statistics at Ottawa? A. In this respect, I would say, that as far as the general work is concerned, the Bureau at Ottawa would cover most of the particular subjects to be dealt with, but there is the departmental work, statistics which must be collected and co-ordinated and turned out for the benefit of the government, at all times whenever they may demand same. Does that answer the question, sir?

THE CHAIRMAN: Why could not all that work be done by the Dominion Bureau of Statistics, Mr. Rowebottom?

MR. ROWEBOTTOM: I think in a short fact, that, as the various departments are functioning, they themselves are in a better position to secure those very statistics which are required, they are familiar with the entire work, they are familiar with the men, they have their particular lists up to date, and I am quite positive that that work can be better done by the local departments in the province and put into better shape through the Bureau of Statistics here than it would be from Ottawa. And if it was done by Ottawa it would cost a great deal

more money.

HON. MR. PATTULLO: If I may interject there, Mr. Perry is immediately in charge of that work and had been doing the work for the Economic Council and we were thinking of calling Mr. Perry, with your concurrence, who can give, perhaps, more information.

THE CHAIRMAN: Then perhaps we might pass that.

MR. STEWART: Q. We can leave the Bureau of Statistics until we have completed the other two points. You also have a Bureau of Industrial and Trade Extension. Would you point out wherein the functions of that bureau differ from the functions of the Dominion Trade Commissioners?

A. Primarily the work of the Dominion Trade Commissioners does not come into the provincial field. They do assist, of course, the manufacturers and exporters in making their connections overseas, but they do not work in a local way at all as far as developing trade and industry in the province itself, as far as the encouragement of new industry in the province. That would be primarily the purpose of that department, to encourage and increase the inter-provincial trade and also to encourage new industries to the province.

Q. I just wanted to say, there seemed to be three aspects: there is the intra-provincial trade, that is the encouragement of new industry in the province? A. Yes.

Q. There is no corresponding function in the Dominion Trade and Commerce Department for the development of inter-provincial trade. It has no counterpart in the Dominion Trade and Commerce Department? A. No.

Q. But as regards export trade from Canada, is there not overlapping between your Bureau and the Department of Trade and Commerce? A. No, there would not be, sir, for this reason, that in the export trade we would rely and look to the Dominion government trade commissioners for assistance

and co-operation. During the past years I have had much correspondence with them and found them at all times ready and willing to co-operate to the fullest and we would work with that one point in view, of endeavouring to co-operate and work with those Dominion government Trade Commissioners throughout the world.

THE CHAIRMAN: Your actual functions are not as broad as your act authorizes?

MR. ROWEBOTTOM: No, they are not. The Act is very wide.

THE CHAIRMAN: The Act is very broad.

MR. ROWEBOTTOM: It is. Possibly it is a very good thing that it is. There might be times arise when it would be necessary for us to carry the work further, to go out to some particular place, and endeavour to meet them.

THE CHAIRMAN: Looking at the Act, it struck me that part of the functions outlined are identical with the functions of the Department of Trade and Commerce?

MR. ROWEBOTTOM: They are as far as the Act is concerned, yes.

THE CHAIRMAN: But you have not developed your work on those lines, other than you have already mentioned to Mr. Stewart?

MR. ROWEBOTTOM: Quite right, sir.

MR. STEWART: Q. The Bureau of Tourist Development, would you indicate to what extent that corresponds with the work of the Dominion Travel Bureau, is it? A. Yes. Q. The Canadian Travel Bureau? A. Well, the Canadian Travel Bureau. They do co-operate to this extent, that they forward to our department inquiries they receive as the result of our advertising.

Q. They advertise Canada as a whole? A. As a whole. They do not do any sectional advertising.

Q. Not even the national parks? A. Oh, yes, they possibly cover that in their advertising. Yes, they do.

Q. And your bureau of Tourist Development is restricted to British Columbia? A. Yes, sir.

Q. But is there not a certain amount of overlapping there?

A. No, none whatsoever. As a matter of fact Mr. Leo

C. Dolan - I think I covered that in the memorandum, I don't know whether you have that in front of you - the Director of that Bureau says himself:

"I am convinced that the Canadian Travel Bureau must ever and always be concerned with the National aspect of the Tourist Industry, in brief we can only sell Canada as a Country and the responsibility of publicizing the different areas within the Dominion rests solely with Provincial Governments and with the Agencies, both public and private, who are engaged in this important work."

THE CHAIRMAN: That might be his view, which may be correct, but it is not necessarily correct because Mr. Dolan holds it.

MR. ROWEBOTTOM: That is his opinion.

THE CHAIRMAN: Why should not the federal Bureau fairly present to the public the peculiar features and attractions of every province?

MR. ROWEBOTTOM: Because, for one reason, your Lordship, I would say that they are not well acquainted with and could not be well acquainted with every part of the province as our local bureaus and agencies are.

THE CHAIRMAN: How extensive is your Bureau?

MR. ROWEBOTTOM: The Act now provides for the formation of a Tourist Council which will be appointed, of seven members, four of which will be taken from the Civil Service itself here, all parties who are familiar

with the particular work, tourist attraction, and also three from organized tourist bodies, such as the Tourist Publicity Bureaus through the province. It will be the duty of that particular Tourist Council to encourage the formation of other tourist bureaus throughout the province, and so with all that knowledge, they would have the exact picture of the whole province, and it would be a tremendous expense for the Dominion government to ever be able to put together the information which can be picked up in that respect.

THE CHAIRMAN: How do you use that information once it is gathered?

MR. ROWEBOTTOM: Through our advertising of course, your Lordship.

THE CHAIRMAN: And advertising where?

MR. ROWEBOTTOM: We advertise in the National and local newspapers, not provincial papers, but through the coast and a National advertising campaign, and particularly picking out certain parts of the continent where we think it is wise to spend money to endeavour to attract tourists to our province.

THE CHAIRMAN: Would not the logical result of that policy -- I am just putting it interrogatively to you to get your view -- be nine tourist advertising agencies, advertising for tourists to come to different parts of Canada?

MR. ROWEBOTTOM: Yes, it would work out that way.

THE CHAIRMAN: Is not that a very heavy expense? Why should not one agency present the varied attractions of the different provinces, so that the person reading the advertising would pick out the province to which he wanted to go?

MR. ROWEBOTTOM: For several reasons. Each province has its own attractions.

THE CHAIRMAN: Quite so.

MR. ROWEBOTTOM: And we in British Columbia would want to advertise our great coastline and our mountains, and the prairie provinces have their attractions to advertise. I do not think any one central advertising agency could ever cover the entire situation satisfactorily to any one province.

THE CHAIRMAN: Then would it not be better for the Dominion to go out of the business and let the provinces do the advertising? At present you have a possibility of ten different governments advertising to attract tourists to Canada.

MR. ROWEBOTTOM: Yes, I quite see your point there, but I do not think that that would cover the situation because the Dominion, with their funds behind them, can do a tremendous amount of advertising in foreign parts and foreign countries, that the local provinces could not hope to advertise.

COMMISSIONER DAFOE: Does the Dominion campaign take notice of the attractions of particular areas or would it be just general advertising?

MR. ROWEBOTTOM: No, they do not advertise any particular area, never have.

COMMISSIONER DAFOE: They just advertise "Come to Canada."?

MR. ROWEBOTTOM: That is right.

THE CHAIRMAN: That is not very good advertising, is it?

MR. ROWEBOTTOM: Yes, I think it is.

THE CHAIRMAN: Is not the essence of advertising to pick out something that has special interest, that will arouse attention and draw people to it?

MR. ROWEBOTTOM: Yes, you are quite right. That is what we are doing in this province.

THE CHAIRMAN: Then why do you say the Dominion advertising is good, if it does not do anything except advertise Canada? It must indicate the special features in Canada that would attract tourists, surely?

MR. ROWEBOTTOM: That in itself is an exceptionally good business which the Dominion is doing.

THE CHAIRMAN: It is good business in a general way but it is not good business to get a multitude of tourists. If you choose to advertise anything you must advertise the features that will attract attention. We are competing with a score of countries wanting tourists. You must indicate the features that are of special advantage, surely?

MR. ROWEBOTTOM: Yes, quite.

COMMISSIONER DAFOE: Your idea is that you need the combination, you need the general appeal and then the provinces have to come in and supplement it?

MR. ROWEBOTTOM: The provinces must have their special appeal on it, there is no doubt on that I would say.

COMMISSIONER DAFOE: Have you knowledge of how many provinces have these organizations?

MR. ROWEBOTTOM: Every province in the Dominion. The province of Quebec, Ontario --

COMMISSIONER DAFOE: Not provincial organization? I was thinking of our province. I think it is voluntary.

MR. ROWEBOTTOM: Still they do a terrific amount of advertising:

THE CHAIRMAN: I am not a tourist agent, but I should have thought the application of common sense would indicate a certain type of advertising would arouse attention and bring people to a place, and at present I cannot see why the Dominion should not do it for all the provinces.

MR. ROWEBOTTOM: Well, it would never work out satisfactorily, I can assure your Lordship, never.

MR. STEWART: Q. Did you have any suggestions, Mr. Rowebottom, as to any transfer of duties from the province to the Dominion or from the Dominion to the province that would result in efficiencies or economies? A. No, I have not, sir. I have this suggestion, I do think, as far as the Bureau of Statistics is concerned, that it would be very advisable if some arrangements could be made with Dr. Coats of the Dominion Bureau whereby a conference might be held every twelve or eighteen months, so that the directors of the various bureaus could get together and standardize their particular statistics and problems. I do think that would help a great deal in the future.

Q. Is there any province, other than British Columbia, that you are aware of, that maintains a Bureau of Statistics?

A. Yes, as a matter of fact/^{it} is fast coming now where every province in the Dominion will have it. The Province of Quebec has and the Province of Nova Scotia is considering it, and I read just recently where Ontario itself is considering establishing a Bureau of Statistics.

Q. Apart from Quebec though, the only one that exists to-day is in this province? A. To my knowledge, I think it is.

MR. STEWART: I think that was all I had to ask Mr. Rowebottom.

THE CHAIRMAN: Is Mr. Perry here?

MR. ROWEBOTTOM: Mr. Perry is right here.

THE CHAIRMAN: Perhaps we might finish with Mr. Perry.

HON. MR. PATTULLO: Your Lordship, if I may, I would like to make some observations in respect to this matter immediately afterwards, in respect to this partialar Bill.

THE CHAIRMAN: Thank you.

MR. STEWART: Mr. Perry, the principal question I wished

to ask was, whether or not the powers, at any rate, as set out in your Statute, setting up your Bureau of Economics and Statistics does not parallel the Bureau of Statistics at Ottawa? A. In part it certainly does, Mr. Stewart.

Q. Is there any part that is not included in the affairs of the Bureau of Statistics at Ottawa? A. I would suggest that part C would probably have the --

Q. "To investigate and report upon such questions relating to the economic conditions and problems of the Province as may be designated by the Lieutenant-Governor In Council"? A. Yes. That is quite an important provision because the actual origin of the present bureau is related very largely to a previous statute which has now been repealed, the Economic Council of British Columbia. Under the provisions of that Act, under which Dr. Carrothers is the Chairman of the Board, a large number of special projects were undertaken of an economic nature, among them you have seen the Trade Report which was presented to you to-day. And the work was found to be of a definite value and a work that could not be well undertaken by any of the other administrative departments. It was not so much dealing with any one function of the government as it was with all, and it was in the wisdom of the government that that should continue.

Q. Is it possible to carry out the functions of your Bureau under "C" relating to statistical information, that that could be supplied by the Bureau of Statistics at Ottawa? A. In part, yes.

Q. In place of "A" and "B"? A. I would say not entirely, Mr. Stewart.

Q. Could you indicate the extent to which the Ottawa Statistics fall short? A. The Ottawa statistics usually

are available to the provincial government a year or two after their date of collection, which is a factor of some importance to an administration. In addition to that, not all the details which are of interest to this government are published. It is impossible for the Dominion Bureau to list 101 items which are presented to them. The provincial government are interested in many phases of the activities of the province and it is necessary at any given time to have access to all the details. The ideal arrangement, of course, is to have duplicate returns, which are furnished to the Dominion Bureau, also available to the provincial bureau, and that is the purpose of the Act. There is no intention on the part of the provincial bureau to go haphazardly into the world of industry and circulate questionnaires on every conceivable subject. A provision is made that a definite arrangement will be made with Dr. Coats and that we will act as his agent. At the present time many of the local departments are doing that, but while we are co-operating with the Dominion Bureau we do not co-operate in such a way that our own government has full access to that information. I may say that on the question of statistical divisions, there are a great many statistical divisions we would prefer to have standard for the provinces, one important division is that of the census introduced by the Dominion Government. That could easily be done by co-ordination here.

COMMISSIONER MacKAY: Perhaps Mr. Pattullo could answer this question better than yourself. How far is it the intent that the Bureau shall be used to guide public policy? Is that one of the purposes? It does not appear to be, on the surface, at least, in this presentation. Is it one of the purposes of the Bureau to guide public policy,

to keep the government informed so that they may direct public policy.

HON. MR. PATTULLO: May I say this, Mr. Chairman, that for so many years our government has been trying to encourage industry in this province and it has often been suggested through various departments, some of the delegations who are appearing here, notably the Boards of Trade, I notice now they are suggesting more centralization of government. There is no doubt in days gone by that they came to our government asking us to intercede with Ottawa, notwithstanding the fact we have the federal members and you have the federal Minister from this province and you have the Dominion government itself naturally interested, and yet they would come to us and want us to carry out functions that really do not properly belong to us.

THE CHAIRMAN: They must think you have particular powers of persuasion?

HON. MR. PATTULLO: Well, they may think that, but there was no intention whatever in the passing of this Act, I will go this far and say that any administrative abuse that grew in there, - if you look back, you would find it did not come about otherwise than by an intensive attempt to locate business interests, to get business for British Columbia. How on earth are we going to pay back fifty million dollars to Ontario and Quebec if we don't get it. We are just commercial travellers and we are getting out and drumming up business. For example, when we lost through the tariff sixty-five per cent. of our business in the United States, we had to make every possible representation to Ottawa, and without success of course, because they could not change the opinion of the United States with regard to the lumber duty and so forth.

Right to-day we are in the closest contact with Ottawa with regard to the British Preference. It has not been mentioned here. We have been in the closest contact with Ottawa and have had the assurance that they could reasonably be expected to give us under the conditions. Probably the whole matter will be settled long before your Commission would be able to report at all. But the matter came up of using the Trade Commissioners and Mr. Stewart said something about the export trade. At the present time our government is giving assistance to the timber industry to the extent of contributing last year, I think, \$50,000, it is being reduced to \$40,000 this year. They must put up a like amount. They have at the present time four representatives out in the different parts of the world drumming up business. And if we had not been able to drum up the business we did ^{through} the government's efforts in various directions, we would not have been able to show a favourable balance of trade such as we did and we would have had an unfavourable balance of trade and then our people could only have met it through borrowing. Last year our favourable balance as against the other was about \$12,000,000, wasn't it? Something about \$12,000,000. By going out and getting business, we are doing business to-day with every continent in the world, not every country but every continent. We have to work to a very large degree with Great Britain, giving us a favourable trade balance and an unfavourable trade balance of Ontario and Quebec of \$12,000,000. In the first place if Ottawa set up different Bureaus for each province you would have the same expensive organization and then you would have centralization of authority that might be putting the provinces in competition with each other. When our organization tries to get out and sell British Columbia

apples, my friend's organization down in Nova Scotia will be furthering Annapolis Valley apples as I pointed out the other day, and in various organizations you have competition between the provinces. I think it is just the same with regard to the Tourist Bureau. I think Ottawa can do a useful work in a general way, if they don't go at it too extravagantly but I think each province could do a lot within itself. As you said yourself, in advertising you have got to differentiate, you said in advertising you want to advertise something specific. That is exactly what this province wants to do, they just want to do the same thing. It is only by this intensive work, without the idea of overlapping with the Dominion government, the intensive work to help our business men to get work, where they have asked us to go out and help them, we can help them. I could give you instance after instance. For example some years ago the Egyptian government wanted to buy some ties and they would not buy them without some sort of certification from this government that they were going to get the goods specified. Well, we could not start guaranteeing all the products that are sent out from this province by private individuals, but we were able to give them the assurance that reassured them that they would get exactly what was specified. As a result of this they got a little order of \$200,000. That is only an illustration that this government has been doing this constantly and consistently with the result we have had this trade balance.

THE CHAIRMAN: Thank you. We will adjourn until 10.30 to-morrow.

(The Commission adjourned at 4.30 p.m.
until 10.30 a.m. Friday, March 25th, 1938.)

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

REPORTERS:

George Thompson
John Robertson
David Torry



VICTORIA, BRITISH COLUMBIA, MARCH 25, 1938

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

VICTORIA, BRITISH COLUMBIA, MARCH 25, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Victoria, British Columbia, on Friday, March 25, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
)	
JOHN W. DAFOE, Esq.)	Commissioners
)	
DR. ROBERT ALEXANDER MacKAY)	
)	
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Adjutor Savard, Esq.	Acting Secretary
R.M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE GOVERNMENT OF BRITISH COLUMBIA:

Hon. T.D. Pattullo, K.C.	Premier
Hon. J. W. deB. Farris	Counsel
Hon. G. M. Weir,	Minister of Education
	Provincial Secretary
Dr. W. A. Carrothers	Chairman of the Economic Council
	Superintendent of Insurance.
Mr. H. G. Garrett	Assessor of Probates and Succession Duties
Mr. A. C. Campbell	Minister of Finance
Hon. John Hart	

Parliament Buildings,
Victoria, B.C.,
March 25, 1938.

MORNING SESSION.

The Commission met at 10.30 A.M.

THE CHAIRMAN: This morning we are to finish up with the Deputies. The first on the list is Mr. Garrett, Superintendent of Insurance.

MR. STEWART: Mr. Garrett is not here at the moment, my Lord. In the meantime a brief on behalf of the Langley Farmers' Institute has come in. Dr. Carrothers handed it to me a few minutes ago, and apparently they expected to be able to present it on Monday or Tuesday. The suggestion is that it be marked and filed without being read into the record.

THE CHAIRMAN: Would you tell us just what points it covers, Mr. Stewart.

MR. STEWART: I have not had an opportunity to read it my Lord. I will read the headings of the paragraphs. B.C. Farmers More Sensitive to Price Climbs; Continued Rise in Taxes, and its Cause; Present Tendency to Tax Farm Land for all Requirements should be Eliminated; Remedies of National Scope; Dominion Subsidy Obsolete and should be Abolished, Dominion Taxes should be Sufficient to Cover; Cost of Low Labour on Purchasing Power; Opposition to be Expected; Public Institutions should be Maintained by All According to Ability to Pay; No Increase in Price of Land; Income and Wealth should be More Equally Divided; Canada's Prosperity Depends Upon Prosperity of Agriculture; Application of Social and Constitutional Statutes to Solution of Problems.

THE CHAIRMAN: It is a very comprehensive brief, and will be marked Exhibit 221.

EXHIBIT NO. 221: Brief presented by
Langley Farmers'
Institute.

MR. STEWART: In addition to that, Professor Carrothers has handed in a statement of the activities of the Research Department, of the Economic Council of the Province of British Columbia, thinking that that would be an interesting appendix to the evidence given yesterday. It shows the actual projects which have been studied since the Council was established.

THE CHAIRMAN: That might be marked as an Exhibit.

EXHIBIT NO. 222: Statement of the activities of the Research Department, Economic Council of British Columbia.

MR. STEWART: The next matter, my Lord, I submitted a number of questions to Dr. Weir, arising out of the statement which he read before the Commission some days ago. He has supplied me with a memorandum, setting out the questions and answers, and has annexed thereto a statement which he desires to make to the Commission, to which his answers refer specifically. It might be well to have the Commission's view as to whether this should be read or merely filed.

THE CHAIRMAN: What does the memorandum cover?

MR. STEWART: The memorandum is headed: "Distribution of Health Functions between the Dominion and the Provinces," and as I understand it, it is an extension of the memorandum read by Dr. Weir at an earlier date.

THE CHAIRMAN: I think it might be marked as an Exhibit. We had a very full and clear statement from Dr. Weir, and if we desire to get greater details we can refer to this statement.

MR. STEWART: That will go in as Exhibit 223.

EXHIBIT NO. 223: Memorandum headed "Distribution of Health Functions between Dominion and the Provinces".

MR. STEWART: Mr. Garrett is here now, my Lord.

MR. H.G. GARRETT, Superintendent of Insurance for the Province of British Columbia, was called.

By Mr. Stewart:

Q. Mr. Garrett, you are Superintendent of Insurance and Registrar of Companies? A. Yes.

Q. And you have prepared a memorandum dealing with the company legislation in British Columbia? A. Yes.

MR. STEWART: I would like to have that marked Exhibit 224, my Lord.

EXHIBIT NO. 224: Memorandum from the Hon. Attorney-General of B.C., re legislation relating to company law.

BY MR. STEWART:

Q. Mr. Garrett, in addition to your duties as Registrar of Companies you also administer the Securities Act?

A. No sir, not now.

Q. You did until quite recently? A. Until the 1st., July last year.

Q. It has been suggested to the Commission from time to time that greater uniformity in returns to be made by companies might be achieved, and that such a movement would result in economy to the companies throughout the Dominion. Would you let us have your views on that? A. Well, I would not say that that would be of much advantage in a sense, because a very large majority of companies carry on business merely within one province, and they do not have to make returns to other provinces under the Companies Act. The Dominion companies, of course, which go into more than one province, they have to make separate returns, or provincial companies which go into other provinces.

Q. There are a great many of these Dominion and provincial companies, are there not, which operate in more than one

province? A. In British Columbia? Well, I do not know how many operate in other provinces, but there is a small percentage of the companies in British Columbia, -- I have some figures here which perhaps would reflect that. Since July, 1910, there have been over 16,000 companies incorporated in British Columbia, and during that same period there were only 2800 of what we call Interprovincial Companies; that includes Dominion companies, provincial companies, American companies, and companies from other parts of the world, like England. I would think that not more than twenty-five per cent of that number, 2,800, were Dominion companies, say about 700 in twenty-eight years. A lot of these, of course, have retired from business during that period.

Q. Of the 16,000 British Columbia companies, do not a great many of those operate in other provinces? A. No, I would say not.

THE CHAIRMAN: I suppose a good many of the 16,000 have passed out of existence?

MR. GARRETT: Yes, your Lordship.

THE CHAIRMAN: How many companies are operating in the province at the present time?

MR. GARRETT: I really could not tell you that. It would take a long time to figure out. You would have to go through all the records to see which were dead and which were alive. I have an idea that at one time the life of a company, a provincial company, would be about five years, just very roughly.

THE CHAIRMAN: Would there be 5,000 companies operating at the present time, do you think?

MR. GARRETT: In British Columbia?

THE CHAIRMAN: Yes.

MR. GARRETT: Yes, I would think so.

THE CHAIRMAN: How many of those would be provincial and how many Dominion, just approximately? I know you have not the

figures.

MR. GARRETT: I do not know. I would think perhaps there are probably under 500 Dominion companies, -- well under 500, I would think. For instance, last year 16 Dominion companies came into the province, and the year before it was 17 Dominion companies came into the province; whereas, there were over 600 provincial companies, new companies, and the average for the last ten years of new provincial companies has been about 600.

THE CHAIRMAN: Why should not all the provinces in the Dominion agree upon a form of returns? Why should there be any important difference in the form? I am thinking of it only from this standpoint: All the expense ultimately comes back to the consumer, unless it be income tax or some tax of that kind. Should it not be the aim of all governments to endeavour to cooperate as closely as possible so as to reduce the expenses that the public, or the companies dealing with the public, are put to?

MR. GARRETT: Well, the form of annual return which most companies make under our Companies Act, is a comparatively simple business, because today most of the companies are private companies, -- small businesses, and an intelligent secretary could make out an annual return in half an hour.

THE CHAIRMAN: Of course, that is what they tell us everywhere; but the companies tell us that it takes, with the multitude of returns, days and weeks of work. We were told in Ottawa an illustration of one company doing business in all the provinces, with all the government returns, -- that includes income tax and all the returns required, -- it took a staff of six men working all the time.

MR. GARRETT: I believe that is possible. You might hear complaints from some big companies, like say, the

British Columbia Telephone Company for instance, which has a very large number of services. What we require from that company is a return showing its shares in the province, and transfers in their shares. We are not concerned with the shareholders outside the province. But that information is very valuable to other Departments, and that is the reason for requiring it. The policy of the different provinces is not the same as regards information to be filed by companies and to be accessible to the public. We follow very closely the Imperial system, one of the main principles is disclosure on the record; that is, a member of the public may come to my office, and he can find out anything about a company. The information is available for creditors and shareholders, and anybody who is dealing with a company. Some provinces require no information at all. You might even search the files. The Dominion Act, for instance, gives no right whatever to search the files. You cannot enquire who the shareholders are under the Dominion Act. Every company we have makes a return, showing who its shareholders are.

THE CHAIRMAN: That is the case of the Ontario Act, I know, but you say that no one can search the files of the Dominion?

MR. GARRETT: There is no right under the Statute.

THE CHAIRMAN: I would be greatly surprised if no one could go to the Department and get information. I have always understood they could.

MR. GARRETT: The Imperial Act, and our own Act, for instance, and the Saskatchewan and Alberta Acts, contain a very specific provision, stating the exact rights of searching and taking copies.

THE CHAIRMAN: That is the very point of the complaint, that there are differences. My suggestion was this: Would

it not be practicable if the provinces and the Dominion were to get together and make a study of uniform company legislation, to agree upon forms of returns. It may be the form would not meet exactly what each one desired, but a reasonable compromise/^{could be made} which would save inconvenience to the public, and would give all the information any government required?

MR. GARRETT: Well, as I say, I do not think it really affects most companies, because they are only making a return to one province.

THE CHAIRMAN: But there are hundreds of companies that it does affect?

MR. GARRETT: Yes. Well then, that is a different kind of return to our domestic company return. I think you will find that the Alberta and Saskatchewan Acts are very uniform to our own; our legislation is very similar.

BY MR. STEWART:

Q. Do you inspect trust companies? A. No, sir.

Q. There is no inspection of trust companies here at all?

A. Yes, sir, there is an inspection of trust companies, but it is by a separate official. I register the documents, as Registrar of Companies.

Q. Does that official inspect trust companies that are also inspected by the Dominion Government? A. I believe his duties provide for inspection of all trust companies in the province.

Q. Is the same true of savings and loans associations? A. Yes, but there are no extra-provincial loan associations.

Q. There is none operating in British Columbia? A. No.

Q. But, there are trust companies incorporated under laws of other provinces, -- there are Dominion trust companies? A. Yes.

Q. And those are inspected by the Inspector of Trust

Companies? A. Yes.

Q. Does the Inspector of Trust Companies in British Columbia inspect for the same purpose that the Dominion inspects for? A. I could not really answer that question, but I would say he inspects them for solvency, and to see that they are carrying out their business honestly, -- that the trusts are properly administered. That would be the main object of the inspection.

Q. Which would also be the object of the Dominion inspection? A. Yes.

Q. In connection with the Securities Act, that was originally the Securities Fraud Prevention Act? A. Yes.

Q. To what extent does the province of British Columbia require information to be filed under that Act? A. Well, it requires very full information, -- it comes under the Superintendent, -- to obtain authority to issue certain shares.

Q. Or bonds? A. Or bonds, or securities; and he requires the fullest information about the company, and its property and its finance, and whom it is going to sell the shares to, and where, and the prices, and so forth.

Q. Is it possible, in your opinion, to bring about a uniformity in respect to the information to be filed in the nine provinces? A. No, sir.

Q. Why not? A. Because the circumstances are so different, with different companies. I do not think you could lay down in that Act any limits of information.

Q. Take the same company, is there any difference between British Columbia and Ontario in the desirable information which it should file in connection with its operations?

A. Well, in theory, no. But I think you will find that the method of administering that Act varies in the various provinces. Our province has always gone further than

Saskatchewan, we will say; Alberta approximates to ours; Ontario has approximated to our methods during the past few years, and in other respects goes further. But it is one of those Acts that is indefinite, and the official in charge has a great deal of discretion. I think it is essential under that Act that it could not be administered without discretion, -- a very wide discretion.

Q. Do you not think it possible that the nine provinces could agree, by compromise or otherwise, on the same type of information being filed? Or do you think an agreement is impossible? A. I think they pretty well do today, but I do not think it would be advisable to lay it down in a statute. I think it could be done.

Q. Could it be laid down in regulations? A. It might be, yes. The Act itself is, of course, practically uniform in the nine provinces, but I think all the administrations differ, -- vary from one another.

Q. Would it be possible, on the information being filed in one province, to have the Securities Officers of the other provinces accept the ruling of the one province? A. It would be possible, but we would have to have faith in one another, so to speak.

Q. So that it is impossible? A. No, I would not say that. I think probably in practice one administration does accept the registrations of another.

Q. You can see it would be a great saving to companies, to have that uniform acceptance by one province to cover the nine provinces. There would be a great saving, would there not? A. Well, there might, in some cases. I think it is easy to over-estimate the amount of savings, because the documents and the material would be the same; it would be just a matter of copying, that is all.

Q. That is, assuming you had uniformity of forms?

A. Yes.

Q. Mr. Garrett, you also prepared a memorandum relating to insurance legislation in British Columbia. That will be marked Exhibit 225.

EXHIBIT NO. 225: Memorandum from Hon.
the Attorney-General
of British Columbia
re legislation relating
to insurance.

Q. Now, Mr. Garrett, a number of specific questions were asked you by the Commission with reference to the Department of Insurance? A. There are five questions.

Q. In answer to the first question you incorporate, by reference, the brief submitted by the Superintendent of Insurance to the Ontario Committee concerned with the Royal Commission. Could you tell us what that document is?

A. Well, I have the material here. I suppose it is not strictly on the record.

Q. The Commission has not yet been to Ontario, Mr. Garrett? A. He communicated to me his views on the matter, and they are so applicable to our province that I passed them on to my Minister, and that is why they are referred to there. I could summarize them for you, if you like, your Lordship.

THE CHAIRMAN: Well, what we want to get is your views, whether we get them in the form of a reference to some other document, or stated directly by you. The important thing is to get your views on the matter.

MR. GARRETT: I think I deal with that later in my own memorandum, sir, in paragraphs 4 and 5.

BY MR. STEWART:

Q. Just before passing from this point, the brief submitted to you by the Superintendent of Insurance in Toronto is a brief in reply to the submission made by Mr. Finlayson at Ottawa? A. I do not know about that. I do not think

so. I think it was earlier than that.

Q. Would you indicate your views on the questions submitted by the Commission, incorporating them to the extent you agree with the representations of the Ontario Superintendent?

A. Would you like me to say what is workable within the province? We ought to do the same thing. Well, roughly, what we do in the province is to pass upon the qualifications for, and license insurers carrying on business in this province. We obtain and administer deposits for the protection of British Columbia, and other Canadian policyholders. The Statutes prescribes periodical examination for solvency purposes, and the financial condition of all licensed companies. We require annual compilings of financial statements by licensed companies, we require ~~and compile~~ statistical returns, fire insurance premiums and losses, and automobile, and other classes of insurance, for British Columbia business only. The Department compiles and issues an annual report, including all the statistical data extracted from the annual statements. Then there is administration and enforcement of provincial laws relating to insurance contracts, and the general supervision and regulation of carrying on business of insurance in the province, which includes the approval of forms of policy. We pass upon the qualifications of, and license insurance agents and adjustors, and supervise such agents and adjustors in regard to commission rebating, twisting, and so on. And then we perform services to the public in the investigation of complaints, answering inquiries, and requests for information.

I think that briefly summarizes it.

Q. Apart from the law of the contract of insurance, and the licensing and supervision of agents, the Dominion Department of Insurance covers the same work, does it not?

A. Except for provincial companies. Part of that work, though, as the Dominion Superintendent said in his own brief, is extra-provincial; it is not within the scope of this Act. It is really answering enquiries and investigating complaints, which he says constitutes a considerable volume of his work, but that work properly belongs to the province.

Q. It would involve a good deal of saving in expense if only one department were to do this superintending work and inspection work? A. I do not think it would, no sir. You do not overlap, practically speaking.

Q. What do you mean by "overlap", Mr. Garrett? A. Well, the only overlapping that occurs is in connection with the application for a license, and the renewal of a license; and in the statement of return, -- preparation of statements for publication, and valuation of securities.

Q. In inspection and auditing is there not overlapping, within the classification you have in mind? A. No, we do not inspect where the Dominion Department inspects. We do not inspect those companies, but we do inspect provincial companies, and if there is a company doing business in the province which did not have Dominion registration it could be inspected here.

Q. You accept the Dominion inspection? A. Yes.

Q. Now, in respect to the matters that you referred to as overlapping, -- applications for and issuing of provincial licenses, and Dominion registration and filing of requisite documents, could that not be obviated by using the same forms? A. Yes, I think it could.

Q. And annual statements of returns, by the use of the

same forms? A. Yes.

Q. That could be obviated? A. Well, they are very close now; all of the provinces use the same form. It differs from the Dominion form because the Dominion form is much more exhaustive.

Q. Would not that be the solution; to adopt the form of that province or jurisdiction which requires the most exhaustive return? Would not that, in effect, obviate overlapping to the greatest extent possible? A. Well, each province would probably still require to have a copy of that report in its office, and that would involve ten copies. There would be very little saving of work, because in the form we use, they only have to extract the figures from their Dominion return and copy them out.

Q. I understand, Mr. Garrett, in Nova Scotia, and possibly Prince Edward Island, they accept the Dominion certificate for all purposes? A. Yes, I believe they do.

Q. From an administrative point can you see any objection to the same practice being followed in the province of British Columbia? A. You mean that the Dominion shall have the sole jurisdiction to admit and refuse certificates, to permit a company to do business in a province in Canada?

Q. Yes. A. Well, I do not know. ^{That is a big step.} I think the power of licensing carries with it not merely the collection of a fee, we will say, but the right and the obligation to supervise the conduct of the business of that company in the province.

Q. The Dominion does that in the province, and you also accept their inspection? A. Well, as far as I know the only business that the Dominion does in the province of British Columbia is to come here and inspect the offices in British Columbia, -- nothing else at all. There may be cases of misconduct on the part of an insurer, which

requires consideration, and I think the province should retain that jurisdiction. Would it be possible for the province to accept the Dominion certificate as far as that goes, covering the companies that the Dominion does license, or does pass, and then let the province license any additional ones they desire? Or, as regards the first group of companies, those passed by the Dominion inspection, only one inspection would be required throughout Canada?

A. Well, we do that today. If a new company comes to British Columbia we first of all ask it, "Are you registered with the Dominion? Do you intend to be registered with the Dominion? If not, why not?" The practice or the policy of the last two Attorneys-General, at any rate, is that we should not give a license to a company unless it also holds a Dominion registration. We cooperate to that extent. So that we test its Dominion registration, and then it files its documents with us, and we license it as a matter of course, and do not require any deposit money.

Q. You do not require any deposit from the company licensed by the Dominion? A. No. I might add this: A licence to day will not go beyond the contents of the certificate of registration issued by the Dominion, except in Marine insurance.

Q. I notice, Mr. Garrett, that the expenditure in the Department of Insurance between 1936 and 1937 fell from practically \$52,000 to a little over \$8000?

A. No sir. I think you have the revenue mixed, have you not?

Q. Not according to the memorandum? A. They have got that twisted. The revenue was \$52,000 and \$51,000, and the expenditure was \$7000 and \$8000. If the headings were reversed, 1936, with revenue of 1937, --

Q. Possibly a similar mistake occurs in the brief of

Company Law, on the first page? A. Yes.

THE CHAIRMAN: I think, Mr. Garrett, we do find a real striking instance of economy in administration, if you cut expenditures from \$51,000 to \$8000.

MR. GARRETT: We are very economically managed, at all events, your Lordship.

BY MR. STEWART:

Q. In connection with insurance, have you any suggestions to make for the more efficient or economical supervision of insurance companies from coast to coast in Canada, or in British Columbia specifically? A. I think they might save a little by getting the statements uniform, but I do not see any other method of saving expense; and that would be a very small percentage of companies' expense. It is more or less just clerical work, I would say.

Q. Is there a provision in the British Columbia legislation requiring a non-resident to pay a tax on his gross income in the province? Are you aware of it? A. You mean on his income? I do not think that comes within the Insurance Act.

Q. I may be wrong? A. You are not thinking of unlicensed insurance, sir?

Q. I am just asking for information. It was suggested that there was some such provision and I just want to find out if you are aware of it? A. Not in the Insurance Act.

Q. Or the Companies' Act? A. No sir.

MR. STEWART: No further questions.

THE CHAIRMAN: Thank you, Mr. Garrett.

Mr. Napier, of the Department of Railways.

HON. MR. PATTULLO: My Lord, I am advised that Mr. Napier is not here this morning. He is not well.

THE CHAIRMAN: We will just file his statement.

MR. STEWART: That will be exhibit 226, my Lord.

EXHIBIT NO. 226 - Memorandum relating to the work
of the Department of Railways,
of the Province of British Columbia.

MR. STEWART: I have gone over this memorandum, and I do not think there are any possible cases of overlapping in the Department.

HON. MR. PATTULLO: Our Railway Department is comparatively small. The memorandum, no doubt, does particularly refer to logging companies, and so forth.

THE CHAIRMAN: Mr. MacDonald, comptroller of Water Rights.

MR. STEWART: In that case, my Lord, the memorandum has been submitted, and I understand Mr. MacDonald is not here. I do not think there is any possibility of any misunderstanding; There are two memoranda, perhaps they could be put together and marked exhibit 227

EXHIBIT NO. 227 - Memorandum filed by Mr. J.C. MacDonald
Comptroller of Water Rights,
Province of British Columbia.

MR. STEWART: Mr. Campbell, who administers the Succession Duty Legislation, is present, if any member of the Commission would like to ask any questions. He has prepared no memorandum.

MR. A.C. CAMPBELL, Assessor of Probates and Succession Duties, was called.

THE CHAIRMAN: What is the annual amount, approximately, of your Succession Duties?

HON. MR. PATTULLO: I can get it, my Lord; I think it is probably around \$800,000.

THE CHAIRMAN: Would that be a fair average, do you think?

HON. MR. PATTULLO: I think so.

HON. MR.FARRIS: It varies from year to year.

HON. MR.PATTULLO: Yes. I will get a memorandum on it, sir, to make sure.

MR.CAMPBELL: For this year, up to date, \$1,316,551. in Succession.

THE CHAIRMAN: How does it run, Mr.Campbell, from year to year?

HON. MR.PATTULLO: Here is a memorandum, sir.

THE CHAIRMAN: It will be filed as an exhibit.

EXHIBIT NO. 228 - Statement of Succession Duty Revenues and expenditures.

COMMISSIONER MacKAY: Assuming the province were to continue to keep the Succession Duties, do you think it would be an advantage to have one central collecting agency, such as the Dominion, for all Canada?

MR.CAMPBELL: I would not say for this province.

COMMISSIONER MacKAY: No difficulty arises because parts of estates are outside the province?

MR.CAMPBELL: A large part of our revenue comes from outside.

COMMISSIONER MacKAY: But you have no difficulty in collecting even those outside?

MR.CAMPBELL: No sir.

HON. MR.FARRIS: It is only collected from the estate that is within the province.

THE CHAIRMAN: There is a very wide fluctuation between the years 1931, 1932, 1933, 1934, and the years which precede those, and the years which follow. Is that due to the lower value of estates during the period of the acute depression ?

A. No, it was not on that account. Our Acts were thrown out following the Kerr case to the Privy Council.

THE CHAIRMAN: You are apparently getting back into

your stride again.

MR. CAMPBELL: Yes.

HON. MR. PATTULLO: Some wealthy people have been dying.

MR. STEWART: My Lord, in reply to the Commission's questions, some statistical information was filed yesterday on behalf of the Province. The first showing as a percentage of the total ordinary revenue of the Province, the Dominion subsidies over a period of years; secondly, the comparison between the actual per capita grants, receipts of the Province, and the receipts if payment had been on the same basis as the other Western provinces. These two statements have been filed, and I think should be marked exhibits.

EXHIBIT NO. 229 -

Statement of Dominion subsidies
(Including special grants)
as a percentage of the ordinary
provincial revenue of the
provinces of Canada.

EXHIBIT NO. 230 -

Statement of per capita grant;
comparison between actual
receipts and receipts if payments
had been on the same basis as
other Western provinces.

THE CHAIRMAN: I do not just follow that.

MR. STEWART: Exhibit 230 is showing the difference in what the province received on a dicennial census and what it would have received on the basis of a quinquennial census, adjusted over two and a half years.

THE CHAIRMAN: What is the difference?

MR. STEWART: The difference is \$1,940,968.40.

THE CHAIRMAN: Covering what period?

MR. STEWART: Covering the period from 1891 to 1936, -
1937.

THE CHAIRMAN: That is without interest?

MR. STEWART: That is without interest.

If your Lordship pleases, there were a few questions I wanted to ask Dr. Carrothers. Whether that should come up

now or at a later stage I do not know.

THE CHAIRMAN: I suppose it could come in now, and then you would wind up, Senator Farris, with your submission. Whatever you prefer.

HON. MR.FARRIS: I think that would be the best way.

MR.STEWART: I have indicated to Dr.Carrothers the lines of these questions.

(Page 5848 follows)

BY MR. STEWART:

Q. Dr. Carrothers, in connection with the compilation of your table number 130, showing British Columbia trade with the rest of Canada, there are two or three points which I would like cleared up. First, in assigning the values to imports, upon what did you base the valuation?

A. The value at the point of production.

Q. Which price?

A. The wholesale price.

Q. The manufacturer's price? A. Yes, in so far as that could be ascertained.

Q. In the case of exports, what price did you use?

A. The price given at the point of production, not including any other charges.

Q. You again used the manufacturer's price? A. Yes.

Q. Were you able to get the price direct or did you arrive at it by deduction? A. In some cases we were able to get the actual price, and where none was available, we took it from the publication of the Dominion Bureau of Statistics in the price as shown for the trade of Canada.

Q. In compiling that table, Dr. Carrothers, did you make any allowances for tourist purchases? A. No, that was not done. It would be, as you can see, extremely difficult to do. The only information which is available with regard to tourist business is secured on the basis of a questionnaire form which is given to the tourist at the border. The tourist fills this in and it would be practically impossible to know just what was included in those purchases. You could not say, even then, whether it was a purchase of British goods or not. We did not attempt that question.

Q. In the matter of railway freight rates, is it not a fact that the relatively lower rates eastbound were obtained largely, at any rate, as a result of the protracted efforts

of the province of British Columbia? A. I think the answer to that would be that there have been protracted agitations for lower rates both ways and it is probably through that, or influenced to some extent by that policy. It is equally true that we have been agitating for lower rates the other way,, particularly in the matter, at the present time, of feed grain for our farmers.

Q. The lower rates would be bound to operate to the advantage of the producers in British Columbia, at any rate, do they not? A. Yes, I think one would say so. This matter is dealt with on page 301 of the brief. It is mentioned there that high freight rates might be justified in part in certain instances. I read from the third paragraph on the page:

"If, for example, it could be shown that the cost of hauling west-going traffic from eastern Canada to British Columbia was materially greater than the cost of hauling traffic in the opposite direction, then British Columbia consumers might be expected to pay higher freight charges than eastern Canada consumers. But railway rates are not established directly according to that principle, and if the cost of hauling was a measurable factor it is likely that the bulky British Columbia products would not move by rail, although they might very well move by water."

It is this point I want to emphasize there, that we have two modes of transportation. I continue to quote from the brief:

"Since British Columbia products do move on specially established commodity rates, and since British Columbia consumers might indirectly gain from the prosperity consequent upon sales in eastern Canada, it may be reasonable for the population of

"British Columbia to recompense the railroads for their relatively low rates on British Columbia shipments eastward by paying the higher rates on imports from eastern Canada, that is, if it could be established that an actual loss was incurred as a consequence of these commodity rates. The validity of this consideration is, however, open to serious doubt. In offering lower commodity rates to British Columbia exporters the railways are seeking to eliminate a potential backhaul of empty cars. British Columbia exporters before 1885 had, and still possess, a water route to eastern Canada, although at the present time it involves a six weeks' delivery period. The transcontinental railways provide a second and faster route to eastern Canada, but not the only route. If the railways provided the only route to eastern Canada, there might be more justification for expecting British Columbia consumers to assist British Columbia exporters in this way.

"There is, moreover, no mechanism by which these two independent movements may be brought into a balanced equation."

Q. Now, turning to tables 167 and 168 on pages 316 and 317 of the provincial brief. In selecting your terminology you used the term 'sold under exposed conditions'. Do you include in those sales, sales made in Britain?

A. Yes.

Q. And in other Empire countries? A. Yes, in other Empire countries.

Q. And in countries with which Canada has trade agreements giving Canadian goods some preferential advantages?

A. Yes, sir.

Q. Would you not consider it fair to say that the favoured position of Canada in Great Britain, in Empire countries, and in countries with which Canada has a trade agreement, is as much a part of Canada's fiscal policy as customs and tariff? A. Yes, absolutely and if I might present an analysis of that situation, I think it would probably lead to a better understanding of the significance of the tariff in this particular part of the presentation. In speaking of trade agreements such as we have with Great Britain and other Empire countries, or trade treaties with other countries, you are in quite a different world from the point of view of the protection of your commodity. It is different from a market which exists in Canada, under our own tariff. In the first place, when you sell in Great Britain, you sell in competition with similar sources of supply from all parts of the Empire. There is that source of competition there when we are selling in other countries. We are selling under conditions of competition with other countries. This is an important factor which must be considered in dealing with other countries. Our goods are also exposed to the competition of producers within that country who have protection. Then, in addition, in the trade agreement with Great Britain, there is a clause which says goods must be sold at world prices otherwise the treaty might be abrogated.

In 24, George V, Chapter 2, article 4, it is stated that:

"It is agreed that the duty on either wheat in grain, copper, zinc or lead as provided in this agreement may be removed any time Empire producers wheat ingrain, copper, zinc and lead respectively are unable or unwilling to offer these commodities

"on first sale in the United Kingdom at prices not exceeding the world prices and in quantities sufficient to supply the requirements of the United Kingdom consumers."

Q. Of that last, there is only one which is of serious importance to British Columbia, that would be copper, would it not? A. No, zinc and lead are more important than copper. I mentioned this as indicating the possibility of competition to which I have referred. A brief was presented the other day in which the advantage of the Ottawa agreement to this province was emphasized. I think we all agree with that, but in this brief it was stated that we have no monopoly of this market. It is this point which I want to emphasize. Protection so far as protection is concerned is slight, if any.

Q. Would you say that was the case in connection with fruit, that the price advantage is slight? A. It is ten per cent, at all events, and probably in fruit the price advantage would be more than in some other commodities. Each commodity has its own characteristics. We went into this matter very fully and spent months trying to arrive at the value of these agreements to British Columbia. We found it was quite impossible, so we simply gave it up.

We thought it would be of no value in enlightening this commission as to the real value of these agreements. It is agreed by everyone that they have been of major importance in this province, particularly to the lumbering industry. It gives the lumber entry into the market, but so far as price is concerned, it is very questionable whether there is much advantage. I might say, one reason we are not bringing the results of our work before you to show the advantage which these agreements give British Columbia, is that any advantage would be included in our

analysis of the terms of trade as between eastern Canada and British Columbia. Those calculations were made during the period these agreements have been in force, so that any advantage which we had would be shown there. It is for this reason we have presented this analysis to you rather than one which would be less determined.

Q. Is it not the case that the lumbering products of British Columbia which are sold in Britain bring a higher price than if the trade agreement had not been arrived at?

A. I do not see how that could possibly be because they are in competition--at least I use the words, "not necessarily", because they are in competition with the lumber from Sweden and the Baltic.

Q. Has not British Columbia's lumber a preference in the British market over that of Scandinavia? A. It has the ten per cent advantage.

Q. Is British Columbia, as an exporter, not in a position to get the full benefit of that ten per cent? A. Not necessarily, that depends upon the condition of the market, as well as other conditions. A short while ago when the freight rates were tremendously high, most of that advantage was taken away. The ten per cent advantage might be wiped out by higher freight rates or rates of exchange in another country.

Q. He will get ten per cent more than he would have got if the Imperial agreements had not been entered into, will he not? A. Yes, he will.

Q. Dealing with Canada's monetary policy, and the effect of it on the payments of the province and municipalities, you compare Canada with Australia and the Argentine, is that correct? A. Yes, it is.

Q. In your opinion would the loss to the provinces and the municipality in the matter of debt payment have

been greater or less if Canada had followed Australia's policy of inflation? A. What do you mean by greater or less?

Q. Would the loss to the provinces have been greater or less? A. Would the loss have been greater or less--that would be very difficult to say. You could not, on the basis of any theory, say that it would have been greater or less. It would depend entirely upon the circumstances at the moment. Take the wheatgrowers or other exporters in Canada; under a policy of inflation they would get more dollars for their goods from outside and whether they paid more or less would depend, then, on the relationship of those industries which received more dollars to the total taxable capacity of the community. It might cancel out, it might be greater, and it might be less. You would have to have a particular instance to determine which would occur.

Q. If the Australian inflation policy had been followed, I am merely asking the effect on the provincial and municipal payments outside of Canada? A. Yes, my answer is they would have to pay more dollars but they would have more dollars with which to pay.

Q. Similarly, would you indicate your views as to the effect if Canada had followed the Argentine policy of inflation and bonusing? A. The answer would be similar there, I think. I do say there, of course, the stabilizing of internal prices and the preventing of prices from falling to disastrous levels would be necessary.

However, the answer would be similar.

Q. That they would have to pay more in dollars? A. Yes, they would have to pay more in dollars.

Q. Dr. Carrothers, I would like to get your views, as to whether, in a federal unit such as Canada, the provinces

should be divided as economic units or merely as units of government? A. In answering that, I think, it is necessary to keep in mind the economic character of the different parts of Canada. Nature has already divided Canada into quite definite economic units. So whether we like it or not, we have to think in terms of economic units. You have the maritimes, Quebec, Ontario, the prairie provinces and British Columbia, each with its own peculiar characteristics, economically speaking. Then, coming to the other part of your question, as to governmental units. What we are trying to do here, is to build up a nation politically, in the face of economic differences. It is bound to cost us something to do that, and that is one of the problems which this commission has to consider, whether the cost of maintaining the different parts of Canada is uneconomical.

THE CHAIRMAN: What difference would there be in economic conditions between the Peace River district of British Columbia and the Peace River district of Alberta?

DR. CARROTHERS: Oh, I would have to make some qualification there.

THE CHAIRMAN: What difference would there be between the mountainous area of Alberta and that of British Columbia?

DR. CARROTHERS: This would attract tourists to the national park, but they do not come into the relationship picture in defining it as an economic unit.

THE CHAIRMAN: I should have thought that the tourist traffic, insofar as the economic life of Canada is concerned, would be an important source of revenue.

DR. CARROTHERS: It is an important source of revenue, not probably as much in British Columbia as it is in Ontario.

I think, sir, in answer to your question further, it

is quite well recognized that so far as British Columbia is concerned, the province is an economic unit. These other points are minor considerations in relation to the picture of British Columbia as an economic entity. That would be my answer to that question, sir.

HON. MR. PATTULLO: Might I interject here, to say, that so far as the tourist traffic is concerned, it is not governed artificially. Tariffs and freight rates are artificial restrictions and they affect economic life. It is for this reason, I gather, from the Doctor that they should not be taken into consideration. They may come here or anywhere; they just go wherever they fancy. There is nothing artificial about it.

THE CHAIRMAN: They go wherever they find it most interesting.

BY MR. STEWART:

Q. Dr. Carrothers, have you considered the affect of the tourist traffic in your suggestions on the effect of the Canadian tariff in British Columbia? I think you have already said that you did not take that into account.

A. We studied it, Mr. Stewart, but we were not able to arrive at a definite conclusions which we could confidentially present to this commission. The amount of estimate would have been so great that we preferred to leave it out because it would have been of a different character from the other material which is given in the brief.

Q. Have you made a study of the effect of the tourist traffic on the income of British Columbia, have you estimated it? A. No, I can see the background of your question is really based upon the idea of the balance of payments. Now, we would greatly love to know what our

balance of payments is in British Columbia, because we believe that we could build up another picture comparable to our trade picture, showing a stream of goods going east and a large stream coming west. We believe that we would show the same thing exactly if we could get a statement of the balance. We made a study of the movement of money through the post office which showed a very large movement of money eastward. If we could get the statement of that movement, such as is possible in the political entity, it would be a very interesting one.

HON. MR. PATTULLO: May I say this government, the individual members of the government, have been leaving a lot of money in eastern Canada in the last four or five years in their various trips eastward.

COMMISSIONER DAFOE: But you brought home the bacon, \$750,000.

MR. STEWART: Possibly this commission may have the effect of adjusting that balance, sir.

BY MR. STEWART:

Q. Have you given effect to the tourist traffic in making your division of British Columbia sales? A. No, I think I might say that the figures we have given sir, with regard to our trade, are illustrative figures. These show to the dollar the balance of trade as between British Columbia and the rest of Canada. When we examined the trade we were struck very much by the figures and we endeavoured to put it in concrete form as set out in the brief. We believe those figures give you a reasonable picture of the trade, wthat is all we claim for them.

THE CHAIRMAN: Thank you very much, Dr. Carrothers.

We have now come to the closing statement in connection with this matter, but I am advised that Dr. Weir would like to make a supplementary statement to what he gave the

other day. Would you prefer to have him make it now, or after you have finished, Senator Farris?

HON. MR. FARRIS: He will make that now, Mr. Chairman.

HON. MR. WEIR: My Lord, I shall not take longer than, possibly, fifteen minutes. I should like the privilege however, later of filing a more comprehensive documented memorandum on this question of research for social services, if I may? I shall just read a few pages from this memorandum pertaining to this subject and I should like to have some reference made to it in the record. This memorandum refers particularly to research on social services. I quote from the memorandum:

"In brief, the thesis of this memorandum is:

- (1) That we need more knowledge of social problems and public measures to deal with them, and that we must have a more highly trained and competent administrative personnel if we are to obtain maximum economy and efficiency in the operation of our social services.
- (2) That substantial extension of organized research is urgently required to provide the knowledge necessary for the formulation of wise social service policies and for the effective training of administrative personnel.
- (3) That the Dominion government should actively encourage and support research in the field of the social services, to be conducted under the auspices of private organizations, notably the universities, as well as of the government itself.

No doubt this thesis can be applied to a broader area than that of the "social services." But it will be best, I think, for me to confine my obser-

"vations to a limited and fairly definite field in which I have political responsibility and in which I have had some training and some administrative experience. Specifically, this memorandum deals with research in the field that embraces the administrative work of government departments of labour, health and welfare in Canada and the problems which services of such departments are designed to meet. It is in this sense that the term 'social services' is used. Education, of course, is also a social service, and much of what is said below is applicable to it, but research in education presents particular problems which will not be considered.

Canadian governments--Dominion, provincial and municipal--are now spending some \$250,000,000 per year on social services, apart from education, about one quarter of our total public expenditures. But there is practically no organized research under way regarding this huge segment of our public administration."

THE CHAIRMAN: Dr. Weir, when you file your more elaborate statement, will you just set out your figures as to how that \$250,000,000 is made up?

HON. MR. WEIR: I would be glad to, my Lord, that is one of the reasons why I asked for the privilege of filing a more comprehensive statement. I continue to quote from the brief:

"I believe that if a tiny fraction of one per cent of this great expenditure were devoted to research the knowledge that would flow from it would lead to great improvements in administration and would yield huge dividends, not only in the saving of

"money, but also in human well-being."

From page 3 to page 6 of the memorandum, is set out the need for research. I do not think it is necessary to read those pages at the present time. There is no organized material available, there is little leadership. We have the raw material, but that is all. It is true that there is a miscellaneous collection of data in the various provinces, but the need for research in this field is great. There is also a need for wise action. Our social service has been thrust upon us, particularly as a result of the deparaession. The organizations have been largely like Topsy, they have just 'grown up.'

Now, as to a solution of our problem. It is recognized that in the social service field the methods used cannot be as scientific as in the scientific field. However, it is recognized by those who administer the social services throughout Canada that considerable avoidable waste is involved in the hit and miss methods which we have.

I should also like to read three pages with reference to some proposals which we suggest. I quote from the memorandum:

"These needs for research, it is submitted,--"

THE CHAIRMAN: From what page are you reading?

MHON. MR. WEIR: I am reading from page 9, my Lord.

I continue to quote:

"These needs for research, it is submitted, are important enough to call for government action. And the Dominion government is the logical authority to undertake solution of the problem. For the various provinces can scarcely be expected to do much in such a highly specialized field except in so far as they find it advisable to undertake a limited amount

"of research in connection with their own immediate problems.

Research under both governmental and private auspices is needed. Government can best undertake studies that are essentially factual and descriptive. The Dominion government, in the Dominion Bureau of Statistics, already has a great fact-finding agency and there is now available in the Bureau a great mass of material which could be further analyzed so as to throw light upon many of our social service problems. In addition, the Dominion should compile and compare provincial statutes and regulations, should bring together data on the organization and the procedures of provincial and municipal labour, health and welfare services, and should assemble all reports and documents likely to be valuable to the research worker. In general, the Dominion should collect, sort out and compile significant factual material. "

In connection with that problem, for instance, of interprovincial transients. Many of the problems which arise in reference to overlapping could be ironed out if some data were available. It could also aid us in giving categorical answers to the extent to which this condition prevails. I continue to quote from the brief:

"Functions of this kind might be undertaken by a bureau of social research to be established in the Department of Labour or in some other department at Ottawa, to be set up as an adjunct to the Dominion Bureau of Statistics or to be established as a separate agency. If there were a Dominion Department of Social Welfare similar to the department proposed recently for the United States by the President's

"Committee on Administrative Management such a s research bureau clearly would belong in this department.

But governmental research alone is not sufficient. There are certain analytical and interpretative studies which ought to be undertaken by research workers who are completely independent of government. Such workers are naturally in a more free position than civil servants to express conclusions--"

I am not speaking of British Columbia, I am speaking generally

"--which may not be consistent with the policy of the government in power at any given time. There should be established, therefore, private research programs outside of government, particularly in the universities.

I am referring now to purely objective studies, following the evidence wherever it might lead.

THE CHAIRMAN: Yes, I understand.

HON. MR. WEIR: I continue to quote from the memorandum:

"At several of our universities, notably Dalhousie, McGill, Toronto, Manitoba and British Columbia, there could well be research institutes, specializing in the study of the social services. These institutes might be associated with schools of social work or social science departments. They would concentrate their attention, naturally, upon regional problems, and would thus be of the greatest assistance to the provincial and municipal authorities close to them. Their close connection with teaching departments would naturally contribute notably to the training of students."

"Some efforts have been made to establish such research institutes at several of the universities and two or three small beginnings have been made. But lack of funds has handicapped these efforts greatly. In Canada there are no wealthy foundations, as in the United States, to provide endowments."

I am referring to assistance such as that which has been given at times by the Rockefeller Foundation.

"It seems likely that progress of the kind will not be developed rapidly unless financial aid is provided by governments.

It is suggested, therefore, that the Dominion government might well make annual grants to a number of the universities for the express purpose of enabling them to establish and to maintain institutes for research in the social services. If a limited sum of money were appropriated by the Dominion for this purpose its distribution could be arranged by an advisory council, consisting of persons well equipped to decide how the money could be wisely spent. The council would naturally specify the conditions upon which grants would be given. Such a policy would have the further advantage of stimulating throughout Canada a somewhat coordinated research program in the social services and of tying together scattered activities which are now under way throughout the country.

These are intended to be only very rough suggestions. I do not wish to lay stress upon any precise method whereby the Dominion should encourage and support research. The object of this memorandum is rather to point out the need, in principle, for Dominion activity of this kind.

"Methods can be worked out without difficulty if the principle is accepted.

In conclusion, may I point out that great results in social service research can be achieved at absurdly low cost. Developments beyond the most sanguine expectations of the few specialists now working in the field would be assured if the Dominion government were to appropriate \$250,000 per annum for this purpose. This would represent only one-tenth of one per cent of present expenditures upon the social services in Canada. Surely this amount is a small sum for the Dominion to expend for so fundamentally urgent a need as research. Even if the research failed to contribute at all to the improvement of our social services it would be worth while investing one-tenth of one per cent of our expenditures in this field annually for purposes of audit, to satisfy ourselves that no mistakes were being made."

THE CHAIRMAN: Thank you very much, Dr. Weir. What will the number of Dr. Weir's memorandum be Mr. Stewart?

It is to be put in as an exhibit now, and we can file the more comprehensive memorandum when it is ready.

MR. STEWART: That will be exhibit number 231.

EXHIBIT NO. 231: A memorandum on
Research in the
Social Service.

MR. STEWART: My Lord, there is one further question which I omitted to ask Dr. Carrothers.

THE CHAIRMAN: You may deal with that, now, then.

BY MR. STEWART:

Q. Dr. Carrothers, you furnished the Commission with the per capita costs of administration in British Columbia in the early days, not the latter days, can you tell me

what basis you used in the earlier days, was it the basis of population? A. You mean the per capita cost of social services?

Q. Yes, that is what I mean. A. We put the per capita cost on a basis of the total population.

Q. That includes the Indian population, too, does it?

A. Yes, but we have prepared other figures showing the white population only. I do not know whether you have them or not, but we have prepared a statement showing the figures on the basis of the white population.

Q. You include the Indian then and now because he is a special charge upon the Dominion? A. Yes, and in the earlier days the Indians formed a larger proportion of the total population, which made a difference in the figures.

Q. Just one more question, relative to the value of the dollar in 1871, and to-day, have you any views on that?

A. We tried to figure that out in order to say how much more we should have had recently, but we gave that up.

Q. You could not reach a conclusion upon it? A. We could reach a conclusion, but we could not support it.

MR. STEWART: I would like very much to have those figures.

THE CHAIRMAN: The statement of those figures will be exhibit number 232.

EXHIBIT NO. 232: Statement of figures showing white population only.

HON. MR. FARRIS: Mr. Chairman and gentlemen: I have endeavoured to keep in mind some of the questions which have been asked in order that I might summarize and clear up any of these matters which might be left.

I do sometimes still read the daily papers, and, while I suppose the court does not take judicial notice of what is said in the papers--

THE CHAIRMAN: No, we can not take judicial notice of what is said in the papers.

HON. MR. FARRIS: I am somewhat apprehensive that there is a feeling that I have committed this government, in my advocacy, that British Columbia is evidencing a beyond the mountain attitude, isolated from the rest of Canada, without any hope of cooperation in solving these problems. I am not concerned over what they say about me; I am used to that. Generally speaking, if we are put in the same arena, I am able to take care of myself. However, I am very much concerned for those whom I represent as well as for my own position. There should not be any idea created that this province is not as desirous as any part of Canada in being as cooperative as possible and of full assistance in working out our problems.

May I say this, sir, because it has even been suggested that British Columbia's position is somewhat unusual in retaining a lawyer to conduct its case. I do not know whether that is meant to suggest that this is a more just tribunal than a court or whether it is less.

THE CHAIRMAN: We are not concerned with the newspaper comment, so far as this commission is concerned. We are dealing only with those things which are brought before us.

HON. MR. FARRIS: I take occasion to say this because I do want to emphasize the fact, and I think everyone should know it as well as this commission, that British Columbia is as willing to cooperate as any other part of Canada. While generally speaking, this commission is dealing with the general readjustments before the appointment of this commission, the Prime Minister of

British Columbia had made a definite request to the Prime Minister of Canada for such a commission in British Columbia to consider the subject of better terms.

I understood from you, sir, that instructions had been given that this commission was to include consideration of that subject, "The case for British Columbia". May I say this, even at the risk of repeating what I said in my opening remarks, that for forty years British Columbia has been pressing for consideration of its case. This case has been developing and growing as the years have gone by. During the war, Sir Robert Borden recognized the position of British Columbia and a presentation was made for a special commission to consider British Columbia's case. Mr. Lash, and Mr. Bothwell, were appointed to the commission of three, but the third one was never appointed.

In recent years, Mr. Bennett recognized British Columbia's claim for special consideration, when I say 'special consideration' I do not mean different treatment from the rest of Canada, I mean special consideration in order that it might receive the same treatment as has already been given to the rest of Canada. I am inviting, you, sir, when you go into the details of this question to consider Professor Maxwell's book. There is much in it with which I do not agree, but most of the historical statements must be accepted as sound. I invite you to consider it and the references which are given in connection with the book to the maritimes, Manitoba, Saskatchewan and Alberta. They have all had special cases presented on their behalf and they have been acceded to. The figures I will show in a moment are that British Columbia stands alone in Canada in not getting as good treatment as the other parts of Canada. I do not say that in any captious way, I do not say that in any spirit of isolation. I say

it as a fact.

Now, Mr. Bennett has recognized that, not only in the letter which he wrote to Mr. Pattullo, when this grant was made, but I would refer you to what he said in the House of Commons in 1936 at page 2850 of Hansard. I quote:

"The late Sir George Foster suggested that the difficulty could be met by paying a fixed percentage of the customs revenues to each of the provinces in terms of their population. Many of the provinces were greatly in favour of such a scheme; others were not. It will be recalled that we made a special grant to the province of Prince Edward Island because of its geographical position and its relation to confederation, and only last year, for reasons which I shall presently point out, we made a special grant to British Columbia; for one had only to compare the amount received by that province from the Dominion with the amounts payable to the other three western provinces to realize that even the \$750,000 paid did not put them on a basis of equality."

As I see it, British Columbia is now justified in maintaining its position on what Mr. Bennett said, and should continue, at least, to receive for the future that \$750,000. If Mr. Bennett's position is right, this commission should determine how much more we should receive, and that being the position, may I say this, so far as the general position of British Columbia is concerned, so far as our contribution to the symposium of national issues, the first part of my presentation was a statement that this province concurred with the other provinces in recognition of a review of the general situation. Might

I say, I do not think for a symposium on the general position that there is any brief in Canada close to that which is the general brief prepared by Professor Carrothers in this case. It gives information on the entire position of British Columbia, not on the important basis of our special claims, but giving a full picture of its setting in Confederation. It shows, insofar as we could do it within the time at our service, the complete information to this commission.

To follow further the question of British Columbia's special case, certain definite questions have been asked, and in addition, there has been a discussion as to the treatment in regard to the equal privileges in 1871. A grant was given to this province of \$100,000. and in consideration of the grant, the lands of this province were granted to the Dominion. Dr. Carrothers, in the main brief, has stated that he has quoted Professor Maxwell in that connection. Since this commission opened, I have spent considerable time in studying the basis on which Professor Maxwell makes that statement, and both Professor Carrothers and myself are now in accord in the belief that the facts do not justify what Professor Maxwell said.

THE CHAIRMAN: You asked us a moment ago, to read Professor Maxwell's book as good history, Senator Farris, if you found an historical error in this case, might there not be other historical errors?

HON. MR. FARRIS: I qualified that at the time. There were certain conclusions which he drew to which I cannot accede, but when Professor Maxwell says that in 1884 certain things happened and that in 1905 another conference was held, he gives historical statements, dates, and things like that. It is for this reason that I recommend his book to you, merely as a convenient assembly of historical

facts. This is quite a distinct thing from Professor Maxwell's conclusions, and in more than one case, if it were worth my time, I could, without any qualifications challenge the conclusions which he has drawn. Here is one of them. It is a historical fact which Professor Maxwell mentions. In 1871 the Terms of Union Act state that it is in consideration of a grant of land, twenty miles on either side of the railway, a grant in perpetuity of \$100,000 a year would be given by the Dominion, that is an historical fact. Professor Maxwell's book is a convenient place to find it. However, so far as the conclusion which he has drawn, that that was a mere subterfuge--that was accepted at one stage, but I repudiate it now without any qualification. The reason I make this statement is that in the debates of the House of Commons those in opposition, as opposition naturally will do, charged the government with buying lands which were not worth what they paid for them. Of course, they are almost the standard tactics of opposition. It does not prove anything. May I give this illustration to show what I think the real situation is, and then I want to develop that. I hope the commission will not think I am wasting time in dealing with these facts for this reason; my previous statement took, perhaps, one minute. If the position I am now adopting had been taken at the beginning, it would have taken just as long to give as it does now, and it would have saved a lot of overlapping, if I might use that expression 'overlapping' in time.

THE CHAIRMAN: Whatever time is necessary to enable you to present the contentions of British Columbia, we want you to take it.

HON. MR. FARRIS: I think this is of considerable importance. I have spent quite a good deal of time con-

sidering this and I think this is the real position. I will give this illustration before I relate the facts. A is contemplating a merger of certain companies. He goes to B who has a comparatively small company. He says, "I will pay you \$100,000. for this merger." B says, "No, I will not take it, I had a different figure in mind. At 5 per cent that gives me \$10,000 a year, and that is not enough for me, I will not take it." A. then says, "You have a large acreage which is not really a part of this business. Ordinarily, we would not take it, but under the circumstances we could use that land to good advantage, so we will allow you \$10,000 for that land, which is a fair price for it. This will give you another \$5,000 a year, so you will have \$15,000. B says, "Yes, I will take it." This does not mean there is any stratagem there or any subterfuge. A says, "I could not justify to my directors paying you \$15,000. for this business. Under all the circumstances I could perfectly justify paying you \$15,000 and taking this land and using it. It might be that it has not any immediate cash value. Under those circumstances we would not buy it, but in the end it may have far more value than that. This is really the situation. The Dominion was anxious, as was British Columbia, to have Canada extended from the Atlantic to the Pacific. The government considered it would be advantageous to take this land, under the circumstances, and utilize it, for what it considered was a value far in excess of what it was allowing British Columbia. It was estimated that this land at a dollar an acre would be worth fifteen or sixteen million dollars. \$2,000,000 was all that was needed to be quantified in order to account for the revenue for the budget of British Columbia.

Now, I want to deal with two statements on that. In 1880, Mr. Trutch, who was then conceded to be the agent for the Dominion in the negotiations, wrote to the Attorney General of British Columbia pointing out that on the basis on which it was appropriated there were two shortages, one in acreage, because of alienations, and more important, for the purpose of my argument, because of a fallacy you have a reasonable amount of agricultural lands available. There is not a word in Section 11 of the terms of Union about agricultural lands. What the Terms of Union said - and this is a statute, we start with this proposition, a statute of Canada and a statute of British Columbia, reciting those lands were given in consideration of a grant of \$100,000 a year. April 14th, 1880 there is a letter from Trutch to the Attorney General:

" There is reason to believe that the character of the lands for a very considerable distance along the line of the Canadian Pacific Railway, as located in British Columbia, is such as to be altogether unsuited for agricultural purposes, and, therefore, valueless for the object contemplated at the time the Province was admitted into the Confederation, which was, that the lands proposed to be transferred to the Dominion should be laid out and sold to aid in the construction of the road."

He recites then Section 11 of the Terms of Union, which concludes as follows:

"In consideration of the land to be so conveyed in aid of the construction of the Railway, the Dominion Government agree to pay to British Columbia, from the date of the Union, the sum of 100,000 Dollars per annum, in half-yearly payments in advance."

Then he proceeds:

" The Dominion Government cannot doubt that the Provincial Government will consider itself pledged in good faith in view of the whole circumstances, and of the actual money consideration stipulated for in the section of the 'Terms and Conditions' above cited, and which has been regularly paid, to place the Dominion Government in possession of land elsewhere in lieu of the corresponding area within the railway belt, which may be found to be useless for agricultural or other valuable purposes."

Now, that was in April 1880.

THE CHAIRMAN: Is that part of some correspondence brought down in the House?

HON. MR. FARRIS: This is a document I cannot file because it is the only one in existence. It is in our library. It is entitled, "Extracts from Debates in Dominion Parliament and British Columbia Legislative Council in 1871 on the Railway Land Clause" and it is prepared by Mr. DeCosmos. As a matter of fact I had to give the Librarian very great assurances before I was able to take this out of the library. Mr. DeCosmos in 1880 was a member of Parliament for British Columbia. In November he was in Ottawa and he was very much opposed to this suggestion of Trutch's that more lands should be granted by British Columbia, not on the ground that this previous transaction was a subterfuge or a stratagem but on the ground that there was nothing in the construction that obligated British Columbia to give any more lands.

I want to read from his explanation. He prepares this document, these extracts were taken from the reports in debates found in the parliamentary library, Ottawa, the debates say so and so, "my own personal intimate

"knowledge of the history of the union of British Columbia with Canada enables me to state, that this entirely new claim for land in that Province is without a color or shadow of right to support it. Nothing but the circumstance that Mr. Trutch who raises this question, was one of the delegates who visited Ottawa, in 1870, to negotiate the Terms of Union, makes it worthy of consideration. It is this fact that has induced me to collect these Extracts, &c., together, and place them within the reach of those who might otherwise be led to believe, that there is some truth and justice in the claim put forward by Mr. Trutch."

And then he goes on with his figures to show how it is figured out, I don't want to read those this morning.

" This total was nearly \$100,000 less than the Legislature of British Columbia had authorized the Delegates to accept. Unless that sum could be made up in some way, it was useless to continue the negotiations. As no expedient was at hand to make good the deficiency, the negotiations were adjourned till next day. Next morning, Sir Geo. Cartier entered the Privy Council Chamber and stated that Parliament had offered Newfoundland \$150,000 a year for ever for all her Crown Lands, and that he proposed to give British Columbia \$100,000 a year for ever for a belt of land not exceeding 20 miles in width on each side of the Railway. This was promptly accepted and Mr. Trutch immediately drew up the Railway Land Clause.

Any one who will carefully examine the Railway Land Clause on page 3, and recollect that Mr. Trutch drew it up, cannot but feel fully convinced that so

well drawn a clause would have contained a provision providing for the selection of land 'suitable for farming or other valuable purposes' in lieu of lands, within the Railway Land belt that, 'on investigation,' might be found valueless, if such subject had been discussed between Sir Geo. Cartier and himself.

It will be seen, on page 4, that when Mr. Trutch moved in the Legislative Council the adoption of the Terms of Union, he said that 'he could not do better now than pass them in review and comment upon their relative advantages.' He stated that the nominal population of 120,000 'was objected to by the Canadian Government, and was fixed at 60,000 as the basis of the financial portion of the terms,' and that 'The Railway subsidy was in return for a belt of land 20 miles on each side of the line of the road'."

That is the statement of DeCosmos who was making the strongest case he could, a few years after the transaction, to oppose the suggestion that British Columbia was under any obligation whatever to give additional lands.

"Not a word is mentioned about selecting good land any where throughout the Province for what might be found valueless in the belt."

Not a word by Mr. DeCosmos, on the other hand, that this was purely colorable and that the real payment was for contributions for government and that the land grant was a mere donation, and therefore they were under no obligation whatever to have added to that donation. That would have been the strongest kind of argument to support Mr. DeCosmos' position, if, in fact, he could have justified it.

"So the Railway Land Clause was accepted by the

"Legislative Council without inquiry and interpreted according to the true intent and meaning of words and sentences, although Mr. Trutch stated that 'the Delegates were present to explain the exact meaning of every clause as they understood it at the time of the making of the Terms'."

He goes on:

"The fact is the Dominion did not want the lands. It was only an excuse to give the Province a subsidy sufficient to carry on its government and make internal improvements,--on the same principle as the \$150,000 had been offered to Newfoundland."

Now this is the view of DeCosmos:

"Mr. Anglin stated that 'the Minister of Customs had admitted that it was only an excuse to give the money, and that the lands were not wanted'."

Well, I can find no record of that except one I am going to read later.

"Any contention, therefore, at this late day, about the quality of the land in the Railway belt, is most mischievous."

Now, I say that all that means at the ^{very} best or the very worst is that the Dominion would not have bought these lands as an independent transaction, it is quite true, the same as A in the company promotion would not have taken over the lands if it had not been part of the company amalgamation, but that it a far different thing than saying there was no value for the lands that were acquired.

Mr. DeCosmos, having made this search, attaches to this brief that he got out, all the material that he could assemble to support his case, and there are several pages of it. I would suggest, Mr. Chairman, as an alternative to reading it, if you would like to hear it now, but as

an alternative to that, that I have made a summary of this statements, or an exact copy of these statements and turn them in.

THE CHAIRMAN: Thank you.

HON. MR. FARRIS: There is one I want to read because it refers to the question that I just referred to in Mr. Dogosmos' brief. It is a discussion in the House of Commons in which Mr. MacKenzie and Mr. Blake were very severe on the government for their extravagance in having purchased these lands, like a pig-in-a-poke, without a full appreciation of their value, but there is no serious suggestion through their statements that this is a mere stratagem, indeed one of the two observations that I want to read, this is found at page 15 of this memorandum, is as follows:

"Mr. Bodwell: With regard to the proposed annual payment of \$100,000 for lands from British Columbia, that was a mere pretence."

He was in opposition attacking the government.

"Mr. Oliver: It had been proposed that thirteen million acres of land running alongside the railway should be appropriated. If so, these lands would be a constant cause of expenditure for management and surveying. (Hear, hear.) It would be better that these lands should remain in the hands of the local Government of British Columbia, otherwise they might pass into the hands of land speculators, a state of things which would prove ruinous to the settlement of the country. If these lands were not locked up, they would be sufficient to support a population of two millions, and it would be better that a money bonus should be given and these lands opened up to the people for settlement."

'Mr. Anglin: 'He contended that it was not open, or honest, or manly to give \$100,000 for lands along the line of railway; for the Minister of Customs had admitted that it was only an excuse to give the money, and that the lands were not wanted.'

'Mr. Mills: An open confession.'

'Sir Geo. E. Cartier: A Catholic confession.'

'Mr. Anglin: A Catholic confession was an open and full confession, and he wished the Government would make such a one.' (Applause)"

That is all there is on record on that.

I want to read from what Sir George Cartier said at the bottom of page 14, on the same thing:

" 'The Government did not intend to build the road themselves, but by means of companies that would have to be assisted principally by grants of one dollar lands. (Hear, hear.) The land which British Columbia would contribute for this purpose was valued at one dollar an acre, which would amount to \$15,360,000. For this the Government would undertake to pay \$100,000 a year to British Columbia which was interest at 5 per cent on two million dollars. That was to say that in the purchase of these two million acres, Government would be the gainer to the extent of \$13,360,000 with which to assist the railway that would be undertaken. The Government insisted upon that as a sine qua non condition.'"

That is the condition in which Canada passed the legislation and that is the official statement of one of the responsible Ministers who negotiated the transaction some sixty-eight or sixty-nine years ago.

THE CHAIRMAN: Just a moment, Senator, so that one will have it in mind. You said that at a certain date Mr. Trutch was the admitted agent of the Dominion Government. When did he cease to represent British Columbia? He was one of the negotiators for British Columbia and reported to the British Columbia Legislative Assembly his submission.

HON. MR. FARRIS: That was in 1871. We are now dealing with the situation in 1880 and I was just coming back to that. In 1880 Mr. Trutch writes this letter to which I have made reference. On the 14th of April, 1880, he writes this letter to the Attorney-General asking and representing that the Dominion authorities are requesting that this transfer of additional land may be made.

I will give you a reference in a moment that Mr. Justice Martin, in the Martin Commission, suggested at that time Mr. Trutch was the agent or representative of the Dominion Government and on the face of it, it is rather indicated he was so, and I take it Mr. Justice Martin has verified the statement which he has made.

What I want to point out is, in 1880 in particular, Trutch makes this request, that additional lands be transferred to the Dominion, because some of the lands have been alienated and the reason there is a big shortage in agricultural lands. He could not make that request on behalf of anybody but the Dominion Government. Then in the Fall of that year DeCosmos, who was a member of Parliament for British Columbia, assembles this protest on the basis that British Columbia was under no obligation in the world to grant any further lands to the Dominion, and in 1883 a new agreement was drawn up which was implemented by the Legislation of 1884. I have already cited this Act to your Lordship and the Members of the

Commission before but it is conveniently found in the Martin report on pages 20 and 21, what I am now saying, and if you will refer to clause "K" of that agreement, which is part of the statute of 1884, the act of 1883 provides under section 7 for the grant and then section "K" of the agreement, which is ratified by both governments in the Legislation of 1884, makes this provision, in the middle of page 21:

" This agreement is to be taken by the province in full of all claims up to this date by the province against the Dominion in respect of delays in the commencement and construction of the Canadian Pacific Railway, and in respect of the non-construction of the Esquimalt and Nanaimo Railway, and shall be taken by the Dominion Government in satisfaction of all claims for additional lands under the terms of Union, but shall not be binding unless and until the same shall have been ratified by the Parliament of Canada and the Legislature of British Columbia."

In satisfaction of all claims for additional lands, showing that notwithstanding the fact that representatives of British Columbia, including DeCosmos as a member of Parliament, had taken the position the province was under no obligation whatever, the fact is that the Dominion approved this claim and in 1883 it received the conveyance of additional lands of nearly 3,000,000 acres in the Peace River block, and that was accepted in full of all claims. Now, that would seem to be as final a disposition of the matter of a bona fide transaction as was possible.

Then it comes up again in 1927 in the Martin Commission, and I want to point out that the province of British Columbia in 1927 took the actual position that that

\$100,000 a year was in fact a grant for government and not a payment for the land. That was actually presented before the Commission.

THE CHAIRMAN: Yes, it is set out in the report.

HON. MR. FARRIS: I want to show that in the report at pages 29 and 27. Mr. Justice Martin enumerates the different claims that are presented and then at page 29 is this:

" That as to the payment of \$100,000 annually by the Government of Canada in consideration of lands conveyed, such payment was not in reality in return for lands conveyed, but was for the purpose of enabling the Government of the province to function properly; and that the said payment should be so regarded."

That was part of British Columbia's case to ask for an allowance at that time for the lands. You will see that at page 27, the paragraph right in the middle of the page:

" In the claim made by the province an accounting is asked. Even if it could be shown that the Dominion had derived a profit from the administration of the Railway Belt and the Peace River Block, and if the matter of compensation to the province were under consideration, the Dominion would be entitled, according to a strict interpretation of the terms of Union, to set off against any such compensation the aggregate amount which has been paid to the province 'in consideration of the lands to be conveyed in aid of the construction of the said railway'."

The Dominion cannot have this thing coming and going, my Lord. There it has been judicially determined. First it was determined as a matter of settlement between the

parties that the province was actually under obligation to give additional lands which it did. Now for the second time it comes up before a judge as Commissioner who finds that the claim is made on behalf of the province for an accounting and it is refused on the basis that this \$100,000 a year was a payment for the lands and not merely for government purposes. He makes his finding on that at page 31, definitely and finally, at the top of thirty-one:

"As to number (3)" - now number (3) is number 8.

I don't need to explain why, but if check it up you will find that is the same No. 8 that I refer to on page 29,

"As to number (3), it is argued that the sum of \$100,000 agreed to be paid by the Dominion is not to be considered as compensation for the lands conveyed, but as an added subsidy to the province. The terms of Union, strictly construed, meet this contention, for the money is stated to be paid 'in consideration of the land to be so conveyed in aid of the construction of the said railway.' There can be no question about the construction to be placed upon these words. The fact is, however, that the lands to be conveyed by the province were used as an argument to obtain the support of the representatives of the people in the other provinces; in fact it is doubtful whether the necessary support could have been obtained at the time had it not been for the land grant, for there was widespread opinion that the railway was more for the advantage of British Columbia than for any other part of Canada. Moreover the lands were referred to in Parliament as 'a valuable tract of land' and reference was made by Sir George

"Cartier and others to the fact that the sum of \$100,000 was interest on the value of 2,000,000 acres only. I can find no definite statement by anyone in Parliament to the effect that the sum was intended as an additional subsidy. There were statements made in Parliament to the effect that if it had been shown that the province required an additional sum to maintain its provincial services the Government could not have refused to give it, and even without the conveyance of lands, and it appears to me to have been in the minds of a number of the public men of the day that the amount stated to be 'in consideration of the land' was in reality an additional subsidy to the province. I am convinced that the sum was not considered at all to be adequate consideration for the value of the lands, and that the province was represented to be conveying lands of a value far in excess of any sum which was stated in the terms of Union to be paid for them."

And on that basis in accounting --

THE CHAIRMAN: Senator, what does the learned Judge mean by that? "I am convinced that the sum was not considered at all adequate consideration for the value of the lands, and that the province was represented to be conveying lands of a value far in excess"?

HON. MR. FARRIS: I think he means exactly what Sir George Cartier said, putting these lands at a value of \$1.00 an acre, there would be \$15,000,000 coming, we are quantifying a portion of that at \$2,000,000 for which we are giving consideration and that the balance is really something which we are ahead on, in working out the scheme of the construction of this road.

THE CHAIRMAN: The balance was a B. C. subsidy to the construction of the road?

HON. MR. FARRIS: No, the balance of the lands, my Lord.

THE CHAIRMAN: Yes, the balance of the value of the land.

HON. MR. FARRIS: You see, you have got to get the picture of how this statement is made. The government is under fire, they are charged by MacKenzie and Blake and many others with an extravagant and improvident bargain, and they say these lands are all sea and mountain and they are not worth anything, you don't know anything about them and you don't know what you are doing and you have no business to do it. In reply to that, Cartier said that is all wrong, we are getting 15,000,000 acres, let us put that value at \$1.00. Now, it only takes \$2,000,000 capitalized at 5 per cent to account for \$100,000. So this bargain is a highly advantageous bargain to Canada, that is what he is saying, and it is going to materially assist in the construction of this railway, and he might have gone on to say "We are entitled to sell the additional land." Now that might be a contribution by British Columbia towards the Union that is being effected. But so far as I know there had been no arrangement whatever at that time that British Columbia should grant any lands. I have asked Mr. Fowler, who has been doing some reading, to give me any reference he could find, and Mr. Fowler gave me this one reference, and by the way, my Lord, this will conclude what I have to say on this point. This is a statement by the Attorney-General of British Columbia before Confederation -- no, I am sorry, the Commissioner of Works. This is by the Honourable Chief Commissioner and the document is from the British Columbia Provincial Library;

"Legislative Council, Debate on the Subject of Confederation with Canada" in 1870, and at page 79 the Chief Commissioner says this:

"Before concluding, I desire to say that it is intended, although it is not so stated in the terms, to give an assurance to the Dominion Government that any amount of land which they think reasonable will be given. This will be made a part of the scheme for the construction of the Railway, if thought desirable."

That is the only statement.

That statement does not affect in the least my argument. It may have been that if Canada had seen fit to have pressed a harder bargain, instead of fifteen million she might have got thirty million acres from British Columbia. That does not detract at all from the bona fide transaction which was made, unless a finding is to be made at this stage, although two transactions have happened in the meantime, a finding at this time that when Cartier in the House of Commons stated the facts he was committing a breach of his position as a public Minister and was misleading the Dominion of Canada and the House of Commons into a false position. You will have to go that far in order to say that this was any subterfuge, and short of a subterfuge, the transaction must be accepted as a bona fide transaction. So much for that, my Lord.

In addition to that, the only importance of this argument is in its effect to the brief that has been submitted, reason (3), a comparison between the grants to British Columbia and the other provinces in the West. That is the only significance and importance of it. Land grants and land adjustments have been made not merely

with British Columbia but with Alberta, Saskatchewan and Manitoba, and if one is going to accept the comments of Professor Maxwell on the British Columbia transaction I suggest that to the same extent he will have to accept his suggestions about the transactions in Manitoba, Alberta and Saskatchewan.

THE CHAIRMAN: We do not accept Professor Maxwell's deflection on any transaction. We try to get the real facts, Senator, and we are glad to give them.

MR. MR. FARRIS: Well, I am giving them for British Columbia. I say this, that if we are going to say "Well, we think there was some funny business about the British Columbia transaction sixty years ago", although British Columbia on the basis of it being bona fide was compelled or forced to give 3,000,000 acres in the Peace River later and although Mr. Justice Martin has refused the contention for further accounting for British Columbia in 1927, on the basis that it was a bona fide transaction, this has to be always considered, that the Alberta transaction, the Saskatchewan and Manitoba one have never been reviewed since the time they were made, and if one is to be thrown in the melting pot they would all have to be, before you could make a comparison and say how far they were justified by a strict interpretation of just how much should be allowed. My position is, while I adhere to what I stated in opening, that when we are considering the suggestion of this part of the brief of British Columbia, of its case for its needs, that no question can stand in the way on that account, that when you are considering, on the other hand, a transaction of a more or less commercial nature at the time, that having stood the test for 70 years, should not be gone into to-day.

THE CHAIRMAN: Then, Senator, you want to withdraw

the statements contained in your brief as filed that this was a subterfuge?

HON. MR. FARRIS: I stated, in opening this morning, that so far as that allegation, that this was a subterfuge --

HON. MR. PATTULLO: May I interrupt? I think I stated the position of the government clearly on that the other day.

THE CHAIRMAN: Yes. I mean at that time I understood the situation was that it was only a quotation from Professor Maxwell's book, but a reading of the brief shows it is a statement in the brief.

HON. MR. FARRIS: I am stating now where it was obtained and Professor Carrothers advises me he obtained it from the same source. And there is a reference there to Judge Howay's book, I did not bring Judge Howay's book in but I submit that Judge Howay's book carefully read supports the view I am taking to-day.

THE CHAIRMAN: Judge Howay puts it very much the way you have.

HON. MR. FARRIS: Yes.

THE CHAIRMAN: I have it here. "On January 18, 1871, the Hon. Joseph W. Trutch, the Chief Commissioner of Lands and Works, in rising to move the orders of the day, said it devolved upon him, as one of delegates appointed by the Governor, to negotiate the Terms of Union with Canada, to lay before the Legislative Council for consideration and adoption the terms agreed to by the Government of Canada. He could see no reasonable objection to them. The financial scheme had been very materially altered to the advantage of the colony. The population had been set in 1870 at one hundred and twenty thousand. This nominal population, however, was

"objected to by the Canadian Government, and it was fixed at sixty thousand which, including Indians, was about correct. When this stage in the negotiations was reached, it was seen that the total subsidy only amounted to about \$116,000 (debt allowance \$33,000, per capita grant \$48,000, annual subsidy \$35,000), which was about \$100,000 less than the Legislative Council had authorized the delegates to accept. Unless that sum could be made up in some way it would be useless to continue the negotiations. As no expedient was at hand to make good the deficiency, the negotiations were adjourned till the next day. The next morning, Sir George E. Cartier entered the Privy Council Chamber and said that as Newfoundland had been offered \$150,000 a year forever for her Crown lands, he proposed, as a way out of the difficulty, to give British Columbia \$100,000 a year forever for a belt of land not exceeding twenty miles in width on each side of the railway. This was promptly accepted; and Article 11, Clause 2, was drawn up. As to ^{the} railway clause, the colony did not get the coach road which had been included in their proposal; but they got the promise of an earlier commencement and speedier completion of the railroad than their proposals had suggested."

HON. MR. FARRIS: Yes. My submission is, my Lord, that that is quite consistent with what I am saying. There is no doubt that the reason for seeking to give this other was their desire to satisfy British Columbia claims, but that is perfectly consistent with making a bona fide transaction and that is perfectly consistent with Sir George Cartier being an honest man in Parliament when he

stated this was an adequate consideration for the transaction. And as I say, I put that in without relying on that and at that time, because I may say, and it is not an apology, it is simply stating the facts, that at the time I prepared that a great deal of time had been spent by this province in preparing that elaborate statement of facts to present not merely material to support the immediate brief for British Columbia, but we have gone outside of that to give this Commission a complete picture of British Columbia's position, and the result of that has been that if British Columbia had confined itself to merely assembling material dealing with the argument on these particular points, that brief could have been completed months ago, and there would have been more time to have considered some of these details.

THE CHAIRMAN: Yes. That does not explain this -- I do not suggest it affects the soundness of your position at all but it is something that one wonders at -- that apparently British Columbia in the past, certainly before the Martin Commission and in the brief originally submitted here, took the same position, that this was a subsidy. Do you know whether it has gone back beyond that? Has it been the historical position of the province?

HON. MR. FARRIS: No, I think they could only have taken it on the material, because Mr. Justice Martin of Saskatchewan says that he has reviewed all the material and he can find nothing to justify the support of it. I think they have taken this document here of DeCosmos. This seems to have led to all the trouble and, mark you, this is a partisan document. DeCosmos was bitterly opposed to the idea that we here in British Columbia should give any more land and he makes this statement on page four in

Roman numerals at the beginning of this pamphlet this statement was quoted: "Unless that sum could be made up in some way it would be useless to continue the negotiations. As no expedient..." Now there is the word "As no expedient was at hand to make good the deficiency, the negotiations were adjourned till the next day. The next morning, Sir George E. Cartier entered the Privy Council Chamber and said that as Newfoundland had been offered \$150,000 'there was no reason why we should not offer you \$100,000 for this land belt'". And that was done. And in that sense it was an expedient, just the same as I gave the illustration of a merger of companies, that is an expedient by which a man says: "I cannot justify giving you any more money for your business to my directors and to my shareholders" but he made this suggestion, "Here is an expedient, here are lands you have got, you want cash money, here are lands that you have got that are valuable but you would have difficulty in cashing in at that time. Now, we will take this as part of the bargain along with the other things." That is all there was to it.

COMMISSIONER DAFOE: The records show, it seems to me, that it was brought down to a point that an understanding as to the transfer of these lands had been reached before this incidence occurred?

HON. MR. FARRIS: As far as I know, Dr. Dafoe, and if I get any more information I certainly will add it, but as far as I know that reference that I got from Mr. Fowler is the only one I know of, in which they had said they were prepared to give the land as a government grant but my search so far has not indicated anything further than that and I rely a great deal on DeCosmos because he has gone to the trouble to assemble everything

that he could think of at the time and he was on the spot, and this was only nine years after the terms of Union Act was passed and he was very zealous apparently to assemble all the information there was.

COMMISSIONER DAFOE: He was not one of the delegation who prepared the terms of Union, was he? There were three of them, Trutch, Helmcken and somebody else?

HON. MR. FARRIS: Well, I don't know about that. If Dr. Dafoe would like to read it before the Commission leaves and promises to give it back, because I am under the most solemn promise not to let this out of my hands, he might find this an interesting document.

THE CHAIRMAN: The delegates were Helmcken, Trutch and Carroll. The way Judge Howay puts it is this:

"The Governor chose Dr. J. S. Helmcken, who had opposed confederation to the end; Mr. Joseph W. Trutch, who, until Governor Musgrave's arrival, had opposed, and Dr. R. W. W. Carroll, an out and out supporter. They were, however, three members of his Executive Council; and they certainly discharged their duties zealously."

I was going to say it is a strange thing, but it is not so strange because the records of even the Confederation discussions are so meagre, but one wonders that there is not a contemporaneous record of the negotiations kept by anybody, apparently, beyond those statements made in the British Columbia Legislative Council and the statements made in the Canadian House of Commons.

HON. MR. FARRIS: I stated to you that Trutch was the agent for the Dominion government. Now, my authority for that, apart from the obvious indication of the letter itself that that is so, is the Martin Report at page 16, in which Mr. Justice Martin says:

" In 1880 certain negotiations took place between the Dominion Government and the Government of the province. On April 4 of that year Mr. Joseph W. Trutch as agent for the Dominion, and who at that time was located in the city of Victoria, wrote the Attorney General...."

And that letter comes in.

THE CHAIRMAN: Apparently he became Lieutenant-Governor, did he not?

COMMISSIONER DAFOE: Some time after the Union he became Lieutenant-Governor.

THE CHAIRMAN: And I suppose after he retired, the Dominion may have --

HON. MR. FARRIS: Used his good services simply to deal with the matter in this way.

THE CHAIRMAN: Yes.

HON. MR. FARRIS: Anyway, I can only repeat that in filing a copy of this material, the letters, that if in these Debates of the Legislative Assembly either Mr. Fowler or myself can find any more, we will be very glad to add them.

Now, that dispenses of it on that basis. In the alternative, Mr. Chairman, I want to say that the figures we have filed here show the unassailable position that British Columbia is in for an increase over and above, as Mr. Bennett says, that we are entitled to something more than that, a substantial increase over and above the \$750,000 even if you take the figures on the other basis. We have prepared -- I have not the numbers, Mr. Savard can tell me which these Exhibit numbers are -- we have prepared two statements here. In answer to Mr. Stewart's question the other night, I hope I didn't offend Mr. Stewart when I said I would prefer to give these answers later.

THE CHAIRMAN: I do not think he takes offence easily.

HON. MR. FARRIS: If I did, I am very sorry. The statement appearing in our brief under Section 3 did include the grants for lands and if my argument of this morning is right they are properly included.

THE CHAIRMAN: What page of your brief are you referring to, Senator?

HON. MR. FARRIS: I think it was on page 21 that Mr. Stewart was asking some information on that.

MR. STEWART: Yes, the two tables appearing at the top and the bottom.

HON. MR. FARRIS: And they do include grants for lands and I say the only justification for the amount of argument I have just made is to show that that indicates they are properly included.

Now, alternatively, if this Commission should decide that this was a mere, more than a stratagem, but was in substance a mere subterfuge and that Cartier's statement in the House of Commons on which this legislation was based was a wrong and false statement, because with deference I submit it has to go that far in order to upset this submission, and finds in addition to that that Mr. Justice Martin was wrong when he dealt with the matter and refused to consider any additional claim of British Columbia for these lands, then I have filed an alternative statement showing the statements with the land grants excluded. I think all these should go in.

THE CHAIRMAN: Would you just explain these different sheets?

HON. MR. FARRIS: I think we would save time if you would leave that until after lunch, because you have my copy and they have been taken apart and I think at lunch-time we will get the Exhibit numbers. I have the one now but

I do not know the Exhibit number.

THE CHAIRMAN: This is a new statement, is it?

HON. MR. FARRIS: This is a new statement. Well, these were handed in this morning but I thought the Exhibit numbers were filed.

THE CHAIRMAN: Was an Exhibit number put on this?

HON. MR. FARRIS: Exhibit 229 is the one with them subtracted.

MR. STEWART: Exhibit 229 is the one that refers to the percentage of subsidies to the total revenues of the various provinces.

HON. MR. FARRIS: I am told that the other was not filed with it in. Now, Mr. Chairman, you have the one in which these subsidies are subtracted.

THE CHAIRMAN: You are referring to the sheet "Dominion Subsidies including special grants as a percentage of the ordinary provincial revenue?"

HON. MR. FARRIS: Yes, but that is not enough to define the thing because down below in the first footnote these figures are subtracted from these grants, the allowances to the prairie provinces, Alberta, Saskatchewan and Manitoba, as compensation for the lands.

You will see, sir, the percentages at the end. In 1936 you will see the percentages per capita to the provinces, to Prince Edward Island 38.17, Nova Scotia 18.98 and New Brunswick, the last figure is not carried out, but the previous figure showed it will be probably higher than Nova Scotia; Quebec 6.7, Ontario 4.48, Manitoba 11.79, Saskatchewan 13.30, Alberta 10.69, British Columbia 6.34, with I understand the \$750,000 grants included.

THE CHAIRMAN: You appear to be travelling in good company with Quebec and Ontario.

HON. MR. FARRIS: Well of course, Mr. Chairman, I have got to come back to that because I am going to deal with that in a moment, because I have got this opening from the Commission, they have asked me to state in what way the tariff has anything to do with this question.

THE CHAIRMAN: No, Senator, just so that we will clear it up, not that the tariff has anything to do with it, but, assuming the tariff has something to do with it, just assuming that for the sake of argument, how is it to be taken into account in adjusting provincial and Dominion relations? That is the point.

HON. MR. FARRIS: The first object lesson we get from this, is that whether consciously or not it has been taken into account, that there can be no explanation of the situation except the tacit recognition that the two central provinces, as a result of the tariff, have got the great benefits of the tariff, they are in a preferred position.

THE CHAIRMAN: The two prairie provinces that have been heard and all the maritime provinces contend that the tariff had not been taken into account in fixing the allowance to them and they thought it should have been.

HON. MR. FARRIS: I can very easily fall back on my second line of defence and say if it has not, it is time that it was. But I am inclined to think, notwithstanding that, that there must be some conscious recognition of the situation for which the tariff is substantially responsible, that accounts for these figures. The trouble is we out here in British Columbia have been in too fast company. And one of the representatives of some organization here in British Columbia serenely talking a day or two ago about the three wealthy province, Ontario Quebec and British Columbia! Well, we accept that statement but with mighty big qualifications, Mr. Chairman.

THE CHAIRMAN: They say the next best thing to being rich is to be thought to be rich.

HON. MR. FARRIS: Well I don't know, I have sometimes found myself in that embarrassing position and I think it is about the worst position in the world to be in.

THE CHAIRMAN: Perhaps it is better to say, the next worst thing to being poor is to be thought to be rich.

HON. MR. FARRIS: Yes, I would say the next worst thing to being poor is to be thought to be rich, and there are a great many people who are finding themselves very largely in the position of British Columbia. They may travel around with men who have fixed investments and large permanent incomes, they may for a time have a very good income, perhaps "keep up with the Jones'" realizing to-morrow if they are taken sick or something they might not have a dollar, and that is the distinction between the position of British Columbia and these other provinces. There is no reason in time why things might not work out in British Columbia that may permanently accept a better companionship with the central provinces, but the situation cannot be overlooked, Mr. Chairman, that at this time, and I want to give some figures --

THE CHAIRMAN: It is 1.00 o'clock, Senator, we will have the figures at 2.30.

AFTERNOON SESSION.

The Commission Resumed at 2:30 p.m.

THE CHAIRMAN: Senator Farris, now the figures.

MR. STEWART: My Lord, Senator Farris spoke to me about a telegram relating to the lumber industry.

THE CHAIRMAN: Mr. Fowler spoke to me about it. We will put it in.

Senator, this first page, Exhibit 229, shows the percentage of the ordinary provincial revenue received in Dominion subsidies and grants by each of the provinces. That, of course, in itself might indicate either the grants were much greater in proportion in some provinces than others, or that some provinces had very large sources of revenue other than the grants. I take it you deal with this in the later pages?

HON. MR. FARRIS: Turn over on to the next page, Mr. Chairman, and you will see that the actual figures are given. The next two or three pages all deal with it; they are given in ten year periods. You will see, looking at 229, Mr. Chairman, the third page, that in the 1921 period the expenditures of British Columbia were as large as those in Quebec, - they were within \$700,000 of being as large. And they were half as large as Ontario.

THE CHAIRMAN: Then the subsidies are set out.

HON. MR. FARRIS: In the percentage relationship between the subsidies and the provinces. You will recall, Mr. Chairman, that when I gave the figures on page 8 of my brief, - I give some figures there, the variation between the grants at time of Confederation and in 1935, - 1936, and you asked me at that time if I had the comparisons from the other provinces. This is not figured quite the same as I figured them on that page, but it does deal with the same subject matter.

THE CHAIRMAN: You see, Ontario's percentage, and Quebec's percentage have gone down by reason of the great increase in their revenue from other sources, and that is true, in a measure, of British Columbia,- quite an important measure.

HON. MR.FARRIS: Well, that, Mr.Chairman, is one of the reasons, - it is not the only reason, but one of the reasons why I say that it is necessary, in considering British Columbia, to consider the classification of provinces which I have made in my brief. I set it out to Mr.Stewart the other night.

THE CHAIRMAN: Well, you will come, Senator, to the figures in the same volume as to how you make up \$750,000, or more than that amount, will you? You see, I do not think this statement necessarily proves anything. It shows a great increase in provincial revenues in some provinces, and not so great increases in others, and a shifting percentage to the total. It is true that yours is down very much on the same basis as Ontario and Quebec, but one would have to make a comparison between British Columbia and the Provinces with which you desire particularly to compare, in actual figures, in order to arrive at a basis of equality.

HON. MR.FARRIS: MR.CHAIRMAN: The figures that are given in reason 3 in my brief, have already dealt with that. Reason 3 begins at the bottom of page 10. Take page 15, - debt allowances are analyzed as a separate heading in comparison with British Columbia and Manitoba and Prince Edward Island, and on the basis that Manitoba and British Columbia entered Confederation at comparable terms. The figures are worked out there in relation to the debt allowance. That I have read and discussed in full already. In addition to that, where Mr.Stewart

asked me the questions in regard to question 21, on page 21, - those figures, taking all the grants to the provinces, show a marked discrepancy there.

THE CHAIRMAN: What I had in mind, Senator, was this: It may be you cannot help us upon it, but it would be helpful if we could have it. As I looked over the various grounds set forth in the brief, there are four, which clearly related to British Columbia. One is your claim that you should have had an original population allowance of \$120,000 instead of \$60,000. I understand that is one claim.

HON. MR.FARRIS: Quite right.

THE CHAIRMAN: Another claim is that in connection with the taking of the annual census you only got your population grant on the basis of a decennial census, whereas the Prairie Provinces got their population grants on the basis of a quinquennial census, and estimated every two and a half years.

HON. MR.FARRIS: We have filed figures on that difference.

THE CHAIRMAN: And you have worked out certain figures. The third claim was the question of debt allowance; and the fourth, was your claim that by reason of the peculiar topography of British Columbia, that should be taken into consideration. Now, how much do you allocate to each one of those? How do you figure it out?

HON. MR.FARRIS: Mr.Chairman, of course that does not comprehend all our claims.

THE CHAIRMAN: I know you claim, in your general argument, the tariff and monetary policy and railway rates, but those are applicable to other provinces, - they are not peculiar to British Columbia.

HON. MR.FARRIS: No. Our submission very probably has not been carried through completely, but our submission is, in regard to tariff, that British Columbia does stand in a position more unfavorable than any of the other provinces in Canada.

THE CHAIRMAN: Without checking it at all, I should question it strongly, as far as Saskatchewan is concerned, just offhand. My offhand impression would be that if the tariff is a factor, Saskatchewan suffers more from that than any other province. I may be quite wrong, I have not checked it, but I am just giving you my offhand impression. In any case, those are factors common to all. However, if you do claim that you suffered more than the other provinces then how much do you figure in respect of it?

HON. MR.FARRIS: I cannot do that in figures. May I refer to the Australian Constitution, in that connection. I have the fourth report . I have attempted to struggle through all these reports from time to time, but I have not succeeded very well in going through them all. But the fourth report is the 1937 report, and at pages 10 and 11 this is stated, under the heading of "Effects of the Tariff:

"The first Commission, therefore, considered in all its aspects the one item of federal policy specifically attacked, namely, the tariff, and endeavored to ascertain the burden of the tariff on the claimant States. It considered not only the burden on State finance, but also the community burden. The result was compared with the cash advantages to these States derived from membership of the Commonwealth. The tariff burden for Western Australia and South Australia was estimated by

expert representatives, who prepared with great ability and fairness sets of valuable figures. These were carefully examined and accepted without much alteration; any amendments were agreed to by the State representatives. In these calculations, and in the use of them, all assumptions were made in favor of the States. For instance, it was assumed that, if South Australia or Western Australia were outside the federation, they would not attempt to protect domestic industries, and would consequently escape in such circumstances the whole burden of the tariff. This assumption, of course, constitutes a very liberal concession to the States in question, for if they protected their own industries the cost of doing so would be considerable.

The tariff burden, as we have shown, has to be set off against the advantages of federal policy. These advantages are of two kinds, namely, (i) general benefits, and (ii) the cash benefits in the allocation amongst the States of the revenue and expenditure of the Commonwealth. An allocation table showing the distribution of federal revenue and expenditure is included in the Commission's reports, and shows that, when Commonwealth revenue is properly apportioned to the States from which it comes, and when Commonwealth expenditure is properly allocated, there is very considerable benefit to the States making claims. The net balance is, on the contrary, against the larger States. The result of the allocation for 1934-35, excluding special grants, is as follows: -"

So in the result, what the Commission did was to practically say that, while undoubtedly West Australia particularly did suffer by reason of the fiscal policy

of the country in relation to the tariff, that, on the other hand, because of the grants which were made, - the allowances which were made, from the revenue of Australia generally, that they regarded one would offset the other.

THE CHAIRMAN: Do you suggest we should follow the Australian method? I just want to point these things out to get the benefit of your views. Take one of those reports which I have read; one of these States, - I think it was Tasmania, but I am not sure, - I am not pretending to quote the exact figures, but they set down the loss due to federal policies at 125,000 pounds,- lost by mis-government and mis-management by the Government, the same amount, and they squared. Now, do you think it is likely to promote unity in Canada if this Commission, or anyone else, were to start out and estimate the losses due to federal policy, and charge against them our opinion of mis-management by the province?

HON. MR. FARRIS: I am afraid there would be a lot of pots calling the kettles black.

THE CHAIRMAN: I think so, and I am not at all sure that the Australian method can be applied, without considerable modification, to the Canadian situation.

HON. MR. FARRIS: Mr. Chairman, the Government of British Columbia, as far as my submission on their behalf is made, is in this position, - I am not trying to "spar" or dodge responsibility, but they are submitting all the information and all the suggestions they can bring before this board, but they feel, that they must be in somewhat the same predicament that this board itself must be in, if I were to ask you what solution you have for these difficulties. I am sure the answer would be that the Board has not yet been able to arrive at a

conclusion. So that the most that can be done at this stage is to make suggestions, not as to what British Columbia stands for on Governmental policy on these things, but rather, as to the different factors which are to be considered.

THE CHAIRMAN: I am only thinking of how the Government makes up its claim. I am dealing now with that point and not dealing with the general question in relation to the Dominion and the province. That is a claim you say you have been presenting for forty years, and surely the Government has made up its mind as to how it makes up this claim.

HON. MR.FARRIS: There are two things involved here; there is the allocation made on the basis of the existing relationship of the province and the Dominion, that is one position; and another position, which is probably the primary one, of why this Commission is appointed, generally speaking,-to work out new relationships. Now, there are two distinct things. So far as our specific claim of discrimination on comparable figures, taking the same basis of computation, I think the Government can submit to you tables with those worked out in dollars and cents.

THE CHAIRMAN: It would be a great help to us if we had them, because then there would be something tangible which one could examine and check, and so on.

HON. MR.FARRIS: I am sure we are endeavoring to do that as far as it can be done. That has been done in specific ways already, particularly in the answers to question 3. But in answer to some of the other reasons that I have advanced, it has been put so far more on the argumentive basis, rather than in dollars and cents, and how far this can be put in dollars and cents I cannot say.

THE CHAIRMAN: You say then in connection with the question of the basis of population, - the information you gave us the other day indicates that your brief in that respect as well as the briefs of 1934 and 1935 was unintentionally in error, in suggesting that the population basis, the original population basis, was much more favorable to Saskatchewan and Alberta than for British Columbia; whereas, the fact is that if there were any advantage in that respect it was to the advantage of British Columbia, because Alberta and Saskatchewan were taken on what was estimated to be and what actually appears to have been their population at the time?

HON. MR.FARRIS: Of course, as Dr. Carrothers points out, the fundamental basis on which this claim of population was made, was what we were surrendering in the way of excise and customs duties; it was out of all proportion to what these other provinces were surrendering, and that must not be forgotten. That was, right from the start, the basis of that complaint.

THE CHAIRMAN: All I want to do, so that there will be no mistake or misapprehension when we come to consider your claim in detail, is that we have before us your contentions, and the figures that you think should apply in relation to them.

HON. MR.FARRIS: Mr.Chairman, in addition there are two other matters which I want to emphasize. One is, the question of the excessive cost of government in this province.

THE CHAIRMAN: You mean, by reason of the topography of the country?

HON. MR.FARRIS: Yes, and other conditions which go to make that up. And the other is this, the question of the tariff as it affects British Columbia.

May I say that somewhere the suggestion was made that the answer I gave to you the other day was not sound, when I said, taking merely for the purpose of testing the Constitution, the assumption that British Columbia was a separate entity, and you asked the question: "Well, in that case, how about your market gardening, for instance, and early fruits, which might be swamped by competition from the United States?" My suggestion is that taking this as a separate entity, British Columbia could quite easily protect that situation by tariff, which would not be comparable at all with the tariff which Ontario would put on in regard to automobiles, because so far as our market is concerned for those commodities, it is exclusively a British Columbia market, and therefore a tariff in British Columbia, - imagined as a separate entity, - would be a complete protection for that market. But the Ontario protection for the automobile industry is not satisfied at all by merely protecting it in Ontario.

THE CHAIRMAN: Is not the difficulty there, in stating what might have been, the impossibility of one imagining just what the situation would be? There are so many factors that no one can tell how they would work out. May I repeat a very homely illustration which I used in Prince Edward Island in connection with an argument somewhat the same, - how much better off they might have been if they had not entered the Union. While I listened to the argument, this occurred to me: I asked the counsel did he think it would add to domestic felicity where a man had been a long time married, if he were constantly saying to his wife: what a mistake he had made, and how much better he would be if he had not married her or if he had remained single, or married the other girl.

Now, it seems to me the same situation exists. The question is, what is the present condition?

HON. MR. FARRIS: I would say, if both the wife and the husband had means when they were married, that probably domestic felicity would be promoted by having a good understanding as to how finances were to be handled.

THE CHAIRMAN: But you had a good sensible understanding for a long time. It does not seem to me that you gain any force or strength of argument by saying how much better you might have been if you had not been married at all.

HON. MR. FARRIS: If it were said in an antagonistic sense --

THE CHAIRMAN: No, I do not mean in an antagonistic sense.

HON. MR. FARRIS: It would promote discord, but as a method of testing certain principles and their effect, it seems to me it is quite sound, and I think, with respect, that that is the difficulty of your argument about the domestic relationship, that it rather carries with it the suggestion it might end up in a family row.

THE CHAIRMAN: It was rather suggested in earlier stages if you can get back the income tax there might be trouble. I was afraid we might bring on a condition where the Dominion might have jurisdiction.

HON. MR. FARRIS: Now, at the risk of repeating myself, may I say this: That the basis of the British Columbia position, - there is no misunderstanding about it at all, and I do not think there is any hedging about it, - I referred to this in my opening address. After all, I am here representing the Government, and the basic submissions to which all my arguments must be subject are found in the Provincial brief, and also that of the Prime Minister of

the Province, and at recommendation 5 he said this:

"British Columbia first imposed an income tax in 1876, and is dependent in very considerable measure upon this source of revenue. The entrance of Canada into the Income Tax field definitely limited this source of revenue to British Columbia, and has placed the Province in very embarrassing position."

In order to meet all charges without recourse to borrowing from the Dominion, it is necessary to increase Provincial Income Taxes; yet to do so would, together with Dominion Income Taxes, place a too heavy burden upon our people.

At the time of the imposition of the Dominion Income Tax, protest was made by the then Government of British Columbia. The present Government of British Columbia has for several years deferred increasing the Income Tax while constantly pressing for the appointment of a Royal Commission such as your honourable body. This defference of increase in the Provincial Income Tax forced this Province to borrow from the Dominion, so that the situation now is that the Dominion, through invasion of the Income Tax field, placed this Province in the position where it must borrow money from the Dominion in order to meet immediate charges including unemployment relief, and interest is now being paid on these borrowings. This situation cannot continue indefinitely. It is imperative that there shall be a readjustment and that the advantageous position which British Columbia occupied be restored."

That is the position/^{of} British Columbia in that connection.

THE CHAIRMAN: We discussed this very fully the other day. All I am pointing out is that the income tax, after all, has the same effect on all the other provinces. You see, it may affect you more than some, but it does not affect you nearly so much as it does Ontario. If Ontario got all of the income tax, it would be in a very much better position, relatively speaking, than British Columbia, and probably Quebec would be in the same position.

HON. MR. FARRIS: That is why I keep coming back to my classification of the provinces. I say you have to consider Ontario and Quebec in relation to British Columbia, not on superficial considerations, but you have to consider the province in relation to the cost of government. I make that a basic condition in the classification of these provinces. I can quite understand the logic of their position. I may say that is a most serious situation because in order to give you ten million dollars we have to throw off a hundred million, where we ought to get it. This may be so, but I say that if it is so, some new scheme must be devised to do justice to us.

THE CHAIRMAN: That was a suggestion in accordance with a brief filed in 1934, upon which Mr. Bennett granted the \$750,000. I see in there it is stated:

"That the time is now opportune for a reconsideration of this method of taxation, as the position of the provinces is such that this invasion of their taxing-field limits their revenue from this branch of taxation. The government of the province of British Columbia fully realizes the financial difficulties facing the Dominion of Canada, and while not receding from the position

"taken herein in respect to income tax, while not expecting an allocation of a proportion thereof, does submit that the action of the federal taxing authority in this regard should be taken into consideration in relation to the other claims advanced herein."

I see that is the same thing as in the brief submitted to us, but does not appear in the brief of 1931.

HON. MR. FARRIS: I would like the Hon. Mr. Pattullo, to check me in what I say, might I explain that that was prepared on the basis of our special claim. But now there is this question to be considered, the realignment of the whole question, and since our claim is based upon a readjustment of inequalities, that stands. Now, there is the broader question, having already been assigned this grant, how shall it be dealt with in the future, consideration should be given to the future of our situation, the cost of government and the tariff.

HON. MR. PATTULLO: May I just make an observation, your Lordship? How can the case of British Columbia be fairly dealt with relating to its special claims solely upon the suggestions made by your Lordship? Ever since we have had a tariff, our people have been prejudiced. We have not been able to take advantage of that which we would have been able to take advantage of, if the tariff did not exist. Our learned counsel has pointed out time and again that we are not suggesting that the tariff is good, bad or indifferent; we are suggesting its effect upon British Columbia. Senator Farris has suggest that we should get the figures together and the commission, itself, should investigate the condition of the various provinces. We think there are, at least, four units and probably five, economically speaking. We have the maritimes

which have suffered by reason of the tariff and we have the position of Ontario and Quebec which provinces have benefited by it. The prairie provinces have suffered as well as British Columbia. I maintain that the physical position of British Columbia in the geography of Canada has an effect which would seem to be prejudicial. To arrive at any exact figure would be very difficult. It would be perhaps, difficult, to get it down to the last dollar. I was going to say, sir, to use the tariff as a device. We have heard a good deal about devices--in considering the very last dollar, we would take into consideration, after attaining, as I see it, a position advantageous to the various provinces. In fact, the position of 1917 in relation to the tariff might make some readjustment essential. It must be remembered that these provinces surrendered enormous sums, many of them, I think, the figures are given here. For some \$32 or \$33 million dollars which we have received by way of grants or subsidies since Confederation, on the other hand the Dominion has received from customs and excise, those revenues which we surrendered, nearly \$500,000,000. All of those factors, I think, should be taken into consideration because this money received by the Dominion government by way of customs and so forth is due mostly to the tariff.

THE CHAIRMAN: Just one word, and you can tell me if I am correct, or not. I have not the time to go through the submissions, but in the different submissions of 1934 or 1935 upon which you asked for a commission to investigate British Columbia's special terms, was there any reference to the tariff--there might be, and I did find reference to the income tax.

HON. MR. PATTULLO: I can very easily explain that. We knew there was something wrong with us, but we did not know what it was, so we called in the Doctor, Dr. Carrothers.

THE CHAIRMAN: He is to blame for all the trouble, is he?

HON. MR. PATTULLO: No, he is providing the medicine, the solution. I happened to have a brilliant idea one time and the economic council of British Columbia was created. This body started an investigation. We knew we were suffering from some disability of tremendous importance. These figures which were obtained by Dr. Carrothers and the staff showed the disadvantageous position we were in in relation to the rest of Canada by reason of the tariff. We have this \$50,000 a year adverse trade balance and the only way that we have made it up has been by going out and acting as commercial travellers and drumming up business with the countries of the world. Have we to continue to act as the commercial traveller without receiving any consideration for it?

THE CHAIRMAN: Shouldn't you vote to change it, if it is such a handicap?

HON. MR. PATTULLO: The two do not necessarily follow. As an illustration of that, you can take the time when I made representations to Mr. Bennett. I took substantially the same stand then, as I do now. He said, "Mr. Pattullo, I have looked into every phase of that and I must say that I would like to take definite action with respect to it." However, he said that the ramifications were so many, particularly in a province like Ontario where almost every little town is engaged now in the manufacture of some parts of the automobile industry. Under those circumstances we, in British Columbia do not want to

see the other provinces of Ontario or Quebec suffer by reason of the closing down of factories or anything of that kind. If the public policy indicates we should maintain protective tariff as high as it is--people may want that even to their own detriment. I say, under those circumstances, the Dominion government could well consider making some additional allowance to the province which suffered by reason of the tariff, freight rates, and so forth.

THE CHAIRMAN: Let me put this proposition to you, if citizens find economic conditions in one part of Canada do not suit them, they can move to another, and that is the explanation, very largely, for the migration from the east to the prairie provinces and then to the province of British Columbia. The government of the country must continue to be carried on, and if the operation of the federal policy is to the prejudice of economic conditions of the people of a province, the only way it can maintain itself, is by taxation. Now, how much less taxes have you collected or can you collect in British Columbia by reason of the condition of which you complain?

HON. MR. PATTULLO: I do not just follow you, sir.

THE CHAIRMAN: I am trying to define between government and government, because we are dealing here with the administration of the government. Insofar as the transient policy operates to the disadvantage of the people in any community, it can only affect the government insofar as it hits their taxpaying capacity. Then, how far do you say the taxpaying capacity of the people of British Columbia has been affected by this, that is, how much less taxes have you been able to collect which you otherwise would have been able to collect, if you had not had the tariff?

HON. MR. PATTULLO: I think that is rather a difficult question to answer, my Lord. The profit of our merchants

and so forth is affected by the tariff. We would have to make a computation as to what this profit would be. If you had a smaller profit, then to that extent, you would have a smaller tax. If you make less profit by reason of the tariff, you are going to pay less taxes, whereas if you make more profit by reason of the tariff, you will pay more taxes.

THE CHAIRMAN: That illustrates the difficulty of trying to figure out the economic relations on such a basis. However, if the tariff is to be considered at all, must it not be considered on that basis? How far is it lowering the taxpaying capacity of the people of British Columbia? How far has it affected your revenues?

HON. MR. PATTULLO: It is bound to affect the cost of living and in affecting the cost of living, it must have an effect upon wages. This being the case, then there will be fewer profits, and with fewer profits you will collect less money in taxes.

THE CHAIRMAN: If you put up wages, then the Dominion must collect more income tax. It is an extremely complex problem, and it is extremely difficult to figure it out.

HON. MR. PATTULLO: That is the very reason for having this commission; if it were a very easy problem this commission would not be here at all. The commission has a staff of experts at its disposal. It could make a study of the incidence of the tariff in relation to the various provinces of the Dominion, and could very well, by the raising of the revenue of the Dominion ^{by customs and} ~~by customs and~~ ^{excise, make} additional allowances to the province in proportion.

COMMISSIONER MacKAY: I suppose the commission may assume that British Columbia will accept the calculations of the commission?

HON. MR. PATTULLO: As Amos and Andy would say, we will "Check and double check".

HON. MR. FARRIS: The government is in the position of the Irishman who went to the Doctor's. The Doctor asked him what was the matter, and the Irishman said, "That is what I came here to find out".

By way of argument, might I call attention to this fact. If you will refer to the main brief on pages 177 and 178, you will find an analysis there by Dr. Carrothers, expenditures of this province, on an average, since Confederation. If you will turn to the next page, there is a table there which is very striking.

COMMISSIONER MacKAY: What page is that, Senator?

HON. MR. FARRIS: Pages 177-178. Dr. Carrothers points out that the consistent policy, since Confederation, of this province has been to budget for a deficit.

THE CHAIRMAN: That is a very bad habit to get into.

HON. MR. FARRIS: I know, but there is a reason for that. The reason for that is not that the people of British Columbia, since Confederation, have been any more extravagant than the people in the other provinces of Canada. The reason is because of prevailing conditions here. When we were spending as much as the province of Quebec, not many years ago—it is all very well to say, as Bruce McKelvie did the other day, pointing out a few instances in which bridges had cost so much more than formerly and saying that the government was extravagant.

THE CHAIRMAN: He was not representing the whole people in his statement.

HON. MR. PATTULLO: He was, insofar as he meant the government.

HON. MR. FARRIS: He was not representing as many people as he would like to.

THE CHAIRMAN: He was excepting this present government from that responsibility.

HON. MR. FARRIS: I am afraid he would not, if he were outside.

THE CHAIRMAN: We might have got the truth, but not the whole truth, is that it?

HON. MR. FARRIS: The point of that is, one could go into Ontario, Manitoba, or any other province and pick out instances of where such things have been going on. Here is an estimate of what something costs: it costs three times as much to construct as we think it should.

I think one must accept the fact that the people of British Columbia are not any more extravagant than the people of any other province in Canada.

THE CHAIRMAN: There has been no suggestion by any other part of Canada that they are.

HON. MR. FARRIS: There would not have been any suggestion, but for Mr. McKelvie's remarks for the Board of Trade. I am a member of that board of trade, and I do not think any organization has been more extravagant than that one.

THE CHAIRMAN: It is too bad your influence has not been greater in favour of economy.

HON. MR. FARRIS: I want to come back, very seriously, to this table at page 178, which shows in the very black figures the years in which there has been a deficit in British Columbia. There were very large expenditures in those years and this province had a very small population. Now, this does not indicate the wealth of the population, but it indicates the cost of government in British Columbia. Within the Dominion of Canada, there is no people in any province taxed as we are in British Columbia to-day. You ask, "What is the remedy when we find Canada in this

financial situation? If all Canada had to pay the tax which the people of British Columbia pay, I have not figured this out, but I have considered that there would be little financial stringency in Canada to-day.

THE CHAIRMAN: We are having an examination made of the taxing systems of all the provinces.

HON. MR. FARRIS: I would suggest that somebody be asked to take the rate per capita of taxation in British Columbia. I have attempted in my argument made before to show what it is costing the municipalities, what it is costing for the province and what it costs for the Dominion. First, in respect of excise taxes and tariff. Secondly, in the income taxes going out of this province. Leaving that out for the moment, and putting it strictly on an obvious basis, there is no part of Canada which pays taxes such as British Columbia's. If all parts of Canada were paying a tax equivalent to that of British Columbia, that might be one answer to how Canada could get along.

THE CHAIRMAN: We will have all those figures before us. I do not know what the facts are, but we will have them all before us.

HON. MR. FARRIS: That table on page 178, shows that because of the arrangement which was made at Confederation, because of the surrender of our excise and customs duties, because of the high cost to this province, it has been, successively all over the years since 1871 to date, budgeting for deficits. We cannot be put, under those circumstances, in the category of Ontario and Quebec. We are entitled to be put in a category worked out on an entirely different basis. I would like to ask leave to file these figures which I have mentioned a short time ago, and I want to ask leave to have done that which we have not had time to do.

We have not had time because Dr. Carrothers' organization, as I said,—if it had simply prepared figures directed towards a specific argument it would have been finished very much earlier than this comprehensive brief which they have prepared. There has been an attempt, in this book, to give a complete study of the financial structure of this province. There is one definite thing which this organization has not had time to consider, and that is the making of a study of the cost of government in British Columbia because of the geography and topography and so on. If it could be done, we would like to make a comparative study. It might be that we cannot get the information, but I would like to have an attempt made.

THE CHAIRMAN: We would be very glad to have any figures which Dr. Carrothers could secure.

HON. MR. FARRIS: In addition to that, I want to make one or two points, arising out of Mr. Stewart's question about timber interests and the allowances made for depletion.

I take it that Mr. Stewart asked that because it does provide a relationship to the argument made that the Dominion was taxing a vanishing industry of the province or a wasting industry of the province. While it is true that the Dominion makes allowances to the government for the depletion, that does not affect the principle of the main argument, at all. So far as I know, the allowance for depletion is the reduction of the tax by ten per cent. To make an allowance for depletion by reduction in the tax, instead of by a payment plan, is not sound economics. I am arguing this thing from the standpoint of the province. Take the standpoint of the province in the Douglas Fir industry. At the present rate of depletion, say, as far as I know, in ten years the Douglas Fir industry will be

finished. You have extracted three million dollars a year,-- I am not giving the figures exactly, just for the sake of representation--three million a year from the Douglas Fir industry of this province and at the end of ten years there would be thirty million dollars, and the industry gone. This is an extreme illustration, of course, it is not to be taken literally, but it is an answer to the fact that the reduction by the government has no relation to the province, taking it as a unit. There is an idea that British Columbia could remedy this situation, theoretically, at least, by exacting the last dollar from those in the lumber industry for the purchase of royalties and charges of that kind. The province of British Columbia has not done that. So far as I know, British Columbia could take over a portion of the lumber industry and operate it as a government-controlled industry. If this were done, the government of Canada would not get a cent from that part of the industry, because under section 132 or 223 of the B.N.A. Act, I am not sure which, the Dominion cannot tax a province. The province of British Columbia has, in handling this question gone upon the theory that those who were handling the province's natural resources should be encouraged. They were given every opportunity to go into the business. Figures can be given, if you wish them, to show the province's generous attitude towards the timber interest. Timber stands of this province were turned over to private industry and that was not done in a wasteful or improvident spirit. It was done as a necessary attempt on the part of this province, making a contribution to the industry in order to get it running. The province thought it could get its returns from it after the industry was operating for a time. The province might have taken the view and said, "We will not sell

you a stick of timber unless we exact the last cent of commercial value of the stand. If we had done that, there would not be a timber industry in this province and the Dominion would not be getting a cent from it. We have not done that and we have put ourselves in a position of informal partnership with the industry, in order to encourage it. It is no sound basis in principle why the Dominion should step in at this stage and seek to get its share of the returns. Our policy in regard to our native industry has made this possible and it is something which belongs to the province in its allocation by the B.N.A. Act. That is my answer to the suggested application of depletion to that argument.

I wanted to say a few words, Mr. Chairman, about the brief of the Board of Trade of Vancouver. It would be for your assistance, I think, because after all the Vancouver Board of Trade, associated as it claims to be, with this large other group of Boards of Trade, is a body which one might look to as giving great assistance to this commission and the government of the province. On the other hand, I notice this document claims it represents 380,000 odd people of this province. I do not know how that is made up unless it claims to represent its employees, and all of those who in any way connected in a business sense with the members of the Board of Trade, but in no sense in which they are entitled to speak for the group, can it possibly represent them, nor can it possibly represent its own membership. I am a member of the Board of Trade, as far as I know, in good standing, and I went down and asked Mr. Wismer, who is also a member, and he tells me he never heard of it, and I asked other gentlemen whom I know to be members, and they have never heard of the document.

I understand that there is a telegram to be put in. Would it be a good time to have it put in now?

THE CHAIRMAN: This is a telegram addressed to myself, as chairman of the commission, signed by Mr. J. G. Robson, President of the British Columbia Lumber and Shingle Manufacturers' Association. It reads as follows:

"Hon. N. W. Rowell,

Chairman Royal Commission

On Provincial-Dominion Relations

Victoria, British Columbia.

On behalf of the B.C. Lumber and Shingle Manufacturers Association representing seventy per cent of the lumber industry of B.C. I wish to advise that it is the intention of this organization to submit in due time a written brief to the Royal Commission on matters relating to Dominion and provincial Relations as affecting the Lumber Industry in B.C. stop. This organization further wishes to go on record that the submissions of the Vancouver Board of Trade and associated Boards of Trade as presented by Mr. H.R. MacMillan and reported in the press are not those of the major portion of the lumber industry of this province stop. This organization was not consulted by the Boards of Trade or Mr. MacMillan prior to that submission nor have we been favored with a copy of the brief stop. We would appreciate having this telegram written into the records of the Commission pending the submission of our brief.

J.G. Robson

President, B.C. Lumber & Shingle
Mfrs' Ass'n."

HON. MR. FARRIS: The Tailors of Tooley street do not represent as many people as they think they do. I speak freely on this matter because I am a member of this board myself. I speak feelingly for this reason, it seems to me there might have been so much more perhaps from the Vancouver Board of Trade than there has been in the suggestions which they have made. I feel that when an organization which has the men I know, with the capacity, with the knowledge of Canada and the background of Canada which there are in that organization, it is unfortunate someone representing it came forward to make this suggestion, practically, that there should be a legislative union of Canada rather than the present form of union. One recalls the speeches of Sir John A. Macdonald who had some conception of his own in this regard, at one time. He would like to see it, but he saw how utterly impossible it was even in those days with the small area of Canada, as compared with what it is to-day, and after the experience of seventy years with the identity of those provinces established as they have been. To suggest a thing of that kind, I think Mr. MacMillan, whom I suspect is not in favour of that himself, from what I hear through other sources, not from him. I have said the next time I visited the Board of Trade I would take a history of Canada along and present it to them.

THE CHAIRMAN: Assuming that the proposal is impractical, I think I indicated as much at the close of the brief, it does deal with a great many other matters.

HON. MR. FARRIS: Yes, it does, but the difficulty is it weakens the force of those things. You take another thing, it is suggested we should have, in Canada, one police force, that police force to be administered from Ottawa, policing the city of Montreal, Halifax, the city

of Toronto and the intervening cities as well as those on this coast. One organization, one hates to think about the political power, the political patronage and then think of it in connection with an organization of that kind and all the ramifications of the organization there are in one city to be administered at long distance that would be. I do not know of anything that could be comparable to what it might be except the OGPU of Russia.

THE CHAIRMAN: Of course, you know, Senator, in a number of the provinces, by arrangement between the province and the Dominion, the Royal Canadian Mounted Police do all the police work in the province.

HON. MR. FARRIS: They do in the prairie provinces?

THE CHAIRMAN: And in Nova Scotia. I am not sure about the other provinces.

HON. MR. FARRIS: So far as the central provinces are concerned that is the cradle of the Royal Canadian Mounted Police and one can understand that but to seriously add that big cities should be policed by one organization it is a hopeless thing to do.

THE CHAIRMAN: It is a different problem with the cities.

HON. MR. FARRIS: Then, I notice, it is suggested here that the possibility of unemployment insurance scheme for Canada be studied. I was rather supposing that had been on its way for some time to being studied. I do not want to press this any more. I suggest it is unfortunate that some of these things are suggested in a way, that weakens the force of the general presentation which might be made. Now, the question about protests; in 1918, I think it was, when Sir Thomas White introduced

the War Times Act--I think Mr. Hart intends to give some information in that connection.

HON. MR. HART: My Lord, the only thing I can add is to read some excerpts from Hansard. This was in Volume 2, Session 1917, May 15. Sir Thomas White is quoted as follows: Evidently there had been a question asked about income of the professional man. That is a fair subject for argument but if we are to compare Canada with England in this matter--perhaps, I might skip that because it is not relative to the point. He said:

"The income tax is peculiarly within the jurisdiction of the province and is a suitable tax for the purposes of the province and the municipalities. In my opinion the federal government should not resort to an income tax until it is indispensably necessary in the national interest that it should do so."

That is one notation and there is another on August 3, Volume 4 page 4113.

"With the end of the war there will come a time in this country when business will be confronted with the trying period of dislocation, in which capital will be required, in which extensions will have to be made in order to increase the productivity of plants and business enterprises. It has been our view that so far as the average business firm is concerned, a tax of this character is not a good tax in peace time."

There is one more quotation, page 3735, of Volume 4, July 25, 1917:

"I have placed no time limit upon this taxation measure; but I do suggest, and I should like this

"suggestion to be on Hansard, that after the war is over this taxation measure should be deliberately reviewed. What I have in mind is this: In the period after this war, as in the past, we will continue to invite people to come to this country. We shall need men of enterprise, men of ability, to bring in capital and develop our immenso undeveloped resources. In reviewing this measure after the war, I think consideration should be given to the question whether the taxation is so heavy that it would operate to prevent men of that type from coming to this country and giving us the benefit of their enterprise and their capital and their ability".

I think those are the quotations from Sir Thomas White.

THE CHAIRMAN: I thought British Columbia had made certain protests, Mr. Hart, have you got copies of those?

HON. MR. HART: No, my Lord, there was certain correspondence, but if my memory serves me correctly the first protest was made by the Premier, the late Mr. Brewster, and it was made personally in 1917 during a visit by Premier Brewster to Ottawa. I discussed the subject with the premier before he left for Ottawa, and after his return and he pointed out to me that British Columbia could not take a very aggressive stand at the time owing to the fact that funds were required during the war.

Later, I wrote to Sir Henry Drayton, and as a matter of fact that correspondence cannot be located in the treasury at this time, but I referred to it in the budget speech delivered November 11, 1921, and I said in part, with a view to remedying this situation, I was speaking

then, of the dual income tax, I wrote Sir Henry Drayton eighteen months ago pointing out that Sir Thomas White in introducing the income tax, said that it was intended to be a war measure only and at the same time suggesting to him that if it was to be permanent, the Dominion government should use the provincial machinery for collecting it. The reply at that time from Sir Henry Drayton was that they intended it should be a permanent Act and not only that, but they were considering at that time taxing the lands within the province of British Columbia.

THE CHAIRMAN: That was not a very encouraging reply.

HON. MR. HART: Well, immediately sir, and as follows on here, I proceeded to press for a conference between the Dominion and the provinces as a whole regarding the financial situation, and that is quoted here, and ever since we have been pressing for conferences. Some have been held, without much result. So we are hopeful, my Lord, that your honourable body will bring satisfactory conclusions for us.

THE CHAIRMAN: I notice in your brief, Mr. Hart, there is a copy of a resolution of the interprovincial conference of 1918, dealing with the income tax. I think I read it in your brief somewhere, in which it was suggested that while the provinces recognized the Dominion must have the tax during the war, a certain percentage should be distributed among the provinces on a population basis. That appears to have been agreed to by all the provinces. I do not know where I read that.

HON. MR. FARRIS: It is not in our brief.

HON. MR. HART: I think if my memory serves me right, the Attorney-General of the province of Saskatchewan put forth that proposition during the conference, and it was

immediately pointed out by me that Saskatchewan, of course, could well afford to make that suggestion because at that time Saskatchewan was paying not more than \$500,000 to the Dominion treasury through Income Tax. I drew attention to the fact that British Columbia during that year in all probability would contribute somewhere about \$8,000,000. The Attorney-General of Saskatchewan wanted the tax collected by the Dominion and then distributed on a per capita basis. Consequently, Saskatchewan, with a greater population at that time than British Columbia would get a greater return than British Columbia was getting. I drew attention to the fact that we could not afford to give up that revenue because it was at least 25 per cent of our total revenue, and in view of our expenses, it was very necessary to continue in that field.

THE CHAIRMAN: Is there anything further?

HON. MR. HART: There was one question you asked the first day. I quoted Sir Charles Tupper in regard to a statement that the arrangement at Confederation was never intended to be final and should be reviewed. You asked for the source of that.

THE CHAIRMAN: The book, just so one could get the full speech, wherever it was.

HON. MR. HART: May I say that quotation in my speech was supplied to me by my then secretary who was an old newspaper man. We cannot find in the Department the source, the paper in which it was published because as you will know, sir, until 1874, there was no Hansard. I made an effort to discover the source of it, but without success. At the same time, we discovered there is what is known as the 'scrap Hansard' in the Dominion

library at Ottawa and there is a quotation there, June 12, 1869. Sir Charles Tupper in his speech stated as follows: It is of course a report from a newspaper and it is known as the "scrap Hanzard". This is the quotation and it has been checked up and it is on file at Ottawa. Sir Charles Tupper said:

"He would go on to state to the House the grounds upon which he purposed basing his argument on the question under consideration. It had never been supposed that we could suddenly pass from the condition of isolated provinces and arrange at a single stroke of the pen all the financial questions that would actually arise in the adjustment of the financial terms of the Act of Union. It was intended that subsequently a commission should issue.....that the local governments should each appoint a commission, and one also jointly; and to these Commissioners were to be entrusted the examination of the financial affairs of all the provinces and an adjustment of the debt on a satisfactory basis. That was the view he had always entertained."

We would ask that that be taken instead of the quotation which was given by us in view of the fact that we cannot locate its source.

THE CHAIRMAN: I see the resolution of the conference that I referred to is in your brief Exhibit 179: "British Columbia's Claim for Readjustment of Terms of Union, 1934" on page 28. It is dealing with the income tax and Sir Thomas White's suggestion that it was a war measure and that he could not place any time limit on it:

"Claims have been made on behalf of the Provinces for an assignment of a portion of this revenue to the Provinces for provincial purposes. At the Conference of Dominion and Provincial Governments at Ottawa in 1918 a submission to that effect was made, which stated, inter alia, as follows:-

'The Provincial representatives recognize that at such a time as the present it would not be wise to press the Dominion Government for immediate action on the several claims and expectations herein referred to. Without waiving any rights they have for the consideration of such matters at a more opportune moment, the Provincial representatives respectfully suggest that since the income tax has been adopted by the Dominion Government as a war measure, it would be reasonable, in view of the circumstances, that the Dominion should not leave to the Provinces the duty of imposing new taxation of a similar character, but that the Dominion tax should be treated as one for both Dominion and Provincial purposes; and that a portion of the proceeds of the tax, say 50 per cent., should be assigned by the Dominion to the Provinces on a per capita basis, to assist the Provinces in meeting their pressing obligations of the time; this arrangement to continue during the war and

"for at least after the declaration of peace, and that then the whole question of the readjustment of the provincial allowances be taken up for consideration."

I judge from the way it is presented in the Brief that that was the view adopted at that conference in 1918.

HON. MR. PATTULLO: My Lord, I was present at the Conference of 1918 and British Columbia did not make that submission, I am sure.

THE CHAIRMAN: No, I am not suggesting British Columbia made it. It is stated that it was made.

HON. MR. PATTULLO: The submission was made by somebody but British Columbia never concurred in that. I was present at that conference myself with the Honourable John Oliver.

THE CHAIRMAN: It is put in your brief of 1934 as if it had been approved by the conference. I have no knowledge of it at all. I was only reading from the brief.

HON. MR. PATTULLO: Well, my Lord, if your Commission has any doubt that that is the view of this government, I want to repudiate it right away.

THE CHAIRMAN: You don't agree with that?

HON. MR. PATTULLO: We certainly do not.

THE CHAIRMAN: I know some of the provinces would.

HON. MR. HART: I was just going to say that that proposal would be acceptable to a number of the provinces but I know from my experience in connection with the financial conferences that took place, that at least Ontario and British Columbia and one or two others would not agree to it.

THE CHAIRMAN: I think there would be three of the provinces that would not agree to it and six that would agree. I think that is the position.

HON. MR. FARRIS: Some discussion took place about

the tourist business and the field of the provinces and the Dominion, and last night this was secured from Vancouver, from Mr. Smith the Tourist Commissioner. It is a booklet showing the Dominion form of circular put out, showing advertising for all Canada. I have not had a chance to study it but I notice there is a part on fishing. It tells of the wonderful fishing they have down in Ontario but I am afraid you would not get much of a conception of the wonderful opportunities for fishing in British Columbia.

THE CHAIRMAN: Perhaps Ontario is not so well known in its fishing areas.

HON. MR. FARRIS: I do not think, Mr. Chairman, that we would be prepared to concede that, and if it is of interest to the Board I could file this.

THE CHAIRMAN: If any question comes up we will ask at the Headquarters in Ottawa about the tourist business there. Notice will be taken of your statement, Mr. Farris.

HON. MR. FARRIS: Dr. Carrothers wants to make an explanation on a statement he has already made.

DR. CARROTHERS: It was in reference to an answer I made to the question Mr. Stewart asked me with regard to Ottawa agreements and Empire agreements and trade treaties. This morning I gave the answer yes without any explanation or qualification to the question as to whether the ten per cent. made a price differential as far as the exporters of this province are concerned and I thought after I had made it that it might be misunderstood if it were not taken in the light of the previous discussion which we had. What I had in mind in saying this was that yes as a possibility but not necessarily in practice and that historically in practice that has not been so. I quoted the one instance where it was prohibited in the agreement

itself and also in . connection with the Australian Treaty in the case of lumber and salmon, it was expressly stipulated that an exporter would not make use of the preference to increase prices, that undertaking had to be given. It has to be considered also in the light of the various forms of competition to which I referred.

I would like also for the information of your Commission to file with you the results of a study which we made of the effects of the Ottawa Agreements in connection with the exports of this province to the British Isles, which might be useful at some time. This is the result of quite a considerable amount of calculation and study. One of these tables shows the value of the principal products exported from British Columbia to the United Kingdom in the calendar years 1926 to 1936 in dollars. Information is given there for those years with regard to lumber, lead in pig, zinc spelter, salmon, apples and doors and then the total value. A question might be asked as to whether copper might be included there. You mentioned copper yourself this morning. We are not a very extensive producer of copper in this province for some little time but the industry is picking up. The copper exported from British Columbia is mainly sent to the smelter at Tacoma and it is impossible to find what happens to it from that point, without going into the confidential information with regard to a particular company. That item amounted in 1937 to \$4,895,000, the exportation of copper, but that is not allocated.

Then we have another table here which shows the percentages of British Columbia production, and British Columbia and Canadian exports to the United Kingdom and all foreign countries, United Kingdom imports from British Columbia, Canadian and all British and non-British

countries by quantities. That is given for particular years and shows the variation of the share of the British market, this is the important part of the table, the variation of the share of the British market secured by Canada and by British Columbia over a number of years. I am filing this just for your information.

EXHIBIT NO. 233: Two tables relating to Exports from British Columbia and Canada to the United Kingdom.

The point I wish to emphasize, sir, in connection with these agreements and trade treaties is that they have been of tremendous value to this province in enabling our exporters to get into the market, but the effect on the price has varied with the particular commodity, and in some cases has had no effect at all. It has been of very great value in increasing the markets for our products and giving employment, but the price effect of our agreements has been a minor thing.

MR. STEWART: In addition, my Lord, the province has furnished us with the Treaties and Trade Agreements from 1900 to date. I should like to have that marked as an Exhibit.

EXHIBIT NO. 234: British Columbia Treaties and Trade Agreements, 1900 to date.

The province supplied the Secretary of the Commission with two statements which were taken out and they were both marked Exhibit No. 229. As a matter of fact they are on two different bases. In one the subsidies/are subtracted from the annual payments, in the other they are included. Would it be possible to mark those 229 and 229A, for the purpose of keeping the record clear?

THE CHAIRMAN: Yes, 229 and 229A.

MR. STEWART: There was just one other point I wish to direct Senator Farris' attention to. In view of the fact that the province is submitting now that the \$100,000 annual payment should be regarded as compensation for lands transferred, should not the Commission make some adjustment of that payment now that the majority of the lands have been re-conveyed to the province? I am not asking for an answer to that, but when you are making up the figures --

HON. MR. FARRIS: Well, I can answer that, Mr. Stewart, at least offhand and that is, no more than was done with the other provinces, because the prairie provinces, when their allowances were made on those inquiries, the previous adjustments or allowances that had been given them because they did not have the lands were continued.

MR. STEWART: But in that connection they were continuing filing a report of a Commission that they were entitled to something more than the annual payment in lieu of land.

HON. MR. FARRIS: Yes, and also that is the same question that arises in the Martin Reprt, because at the end of the Martin Report -- you see British Columbia had done the same thing, they said they were entitled to more, and in the Martin Report at the end he said he thought justice would be done by allowing the lands to be returned. So I take it the same condition applies to Manitoba.

THE CHAIRMAN: If you are making any supplementary comment or statement about it, would you keep this consideration in mind? The lands in Manitoba, Saskatchewan and Alberta to the extent of 25,000,000 acres or approximately so were given to the C. P. R. to aid in construction, the alternate blocks. When the lands were returned to the provinces compensation was awarded for the lands not returned. My information is that no allowance was made in

respect of the lands that went to the railway to aid in construction, it was only the natural resources apart from those grants that were considered. And whether you think that has any bearing on the problem or not, I just draw it to your attention so we may have the benefit of your view on it.

HON. MR. FARRIS: It may have applied to Manitoba but I do not see how it would have applied to the others because it was done at the time they were not provinces.

THE CHAIRMAN: That is perfectly true but ^{it} took away from the natural resources of these provinces. If they were getting their natural resources they would have large areas of arable land. One of the matters of federal policy they complained of was the policy of laying these lands out which meant sparse settlements and greatly increased costs of roads and schools and other provisions for carrying on the work of government. I only mention it so you will not overlook ^{it} if you are saying anything in reference to it.

HON. MR. PATTULLO: Mr. Chairman, a representative of the Canadian Press asked me if I would mind making a statement, by reason of some observations that I made a day or two ago. Your Lordship referred to whether there should be any fundamental rights of Canadian citizenship and during that discussion you referred to a freedom of the press and I said the licence of the press. Then I said some of the press have said thus and so. It has been reported to me that the impression might have gone abroad that I was taking exception to the Canadian Press report. So I said I had not had any reference to that, I was referring specifically to the Province newspaper.

Mr. Chairman, may I at the outset express the appreciation of this province to your Commission and to

yourself, sir, for your patience and your consideration that you have given to every representation that has been made. No opportunity that we desired or so far as I can see of any of the delegations that appeared here, did you attempt or your Commission attempt in any way to frustrate and we appreciate that very much.

We would also like to pay tribute to the Secretariat because they have not only been courteous but they have been very helpful to our government and we appreciate it.

Now, there is one point I would like to make perfectly clear with regard to the representations made by the Province of British Columbia, I would not want the good old provinces of Ontario and Quebec to get the impression that our government is in any way dealing with this question in an acrimonious fashion. We are not jealous of the position they occupy, we want to see them prosperous.

I might say this, that the representations we make, in the reference made by yourself that it was not in the 1934 submission, was because we did not have the information. And the information which was obtained by Dr. Carrothers and his staff was not obtained for the purpose of building up a case for the Dominion government. It was obtained some years ago when we first created an Economic Council. It was created for the specific purpose of seeing where we were not trading and how we could increase our trade, build up the trade of British Columbia, and which would not only help us but help the Dominion of Canada. In consultation with Dr. Carrothers I said, "Doctor, I would like you to go out and find out with what countries we are doing business, in what goods and in what quantities, Is there any way in which we could increase our business? Are there any countries with which we are not doing business with which we could do business." As a result of the inquiries

made at that time and a very real study of this question, a report was put out and lo, and behold we found this adverse position of trade balance between ourselves and Eastern Canada. So that this submission that is made now was not specifically compiled to build up any case against Eastern Canada but made up in order to show us, conceived in the first instance to improve our trade balance with all the people of the world, did show to us the position we occupied and I think you will agree that while you may not agree with the validity of our argument that at least we should have the right to submit it.

Outside of the Government's own brief, with the exception of one, the Government is not taking any responsibility whatever for what may have been represented by some of them. The very board referred to by my friend, Senator Farris, - the very quarter from which one would expect the most intelligent and practical opinion, put forward the most fantastic and impractical opinion. As a matter of fact, the brief was largely based upon a report of a committee which was appointed several years ago, and we used arguments against that very report in the election of 1933, and we killed it "so dead" we never thought it would be resuscitated. But here we find this supposedly intelligent body now bringing it forth again. I notice, by the statements made, that there are two classes of "Centralizers". One class wants to put everything under Ottawa, feeling that Ottawa will curtail on social services, - they will move so much more slowly than British Columbia, will not be able to move as fast as previously in the giving of social services, and all the various matters presented to this Commission. On the other hand, we have those who represent the voice of labour, in certain respects; we have them wanting more centralizing. And why do they want it? They want the centralizing, according to one brief I heard, because then they think that they will be able to exercise more control; Ottawa having the authority, will not be able to say anything, that some pressure can be brought to bear upon Ottawa to extend those social services from one end of the Dominion of Canada to the other. So that we have two types of "Centralizers", with very opposite methods. So far as our government is concerned, we have tried to make our presentation the basis of common sense, - of practicability. And so that we

can get immediate results. There are immediate problems, and I think if your worthy body will give them consideration, followed subsequently by the necessary conference between the Dominion and the Provinces, we can obtain real and tangible and definite conclusions.

For a moment I wish to refer to the matter of the Vancouver brief, for this reason, - I do not know whether it is necessary, because Senator Farris dealt with it, - but I wish to point out when they claim that they represent 385,000 people of British Columbia, it is ridiculous. As a matter of fact, a lot of the Boards of Trade throughout the various towns do not, by any means, represent the towns; they represent a few people who are there. And I even venture to say that some of the submissions, where they claim to represent a thousand or several thousand people, not ten per cent ever consider them at all. I know how those things occur; someone gets a brilliant idea, and he brings it in before a moterie, and no one wants to go to the trouble of opposing it, and it is passed. That is what occurred in this case here, and I suggest your worthy body will not consider the report of the Vancouver and Associated Boards of Trade for one single moment.

The one recommendation on which I would like to put the sponsorship of the Government, is that of the Prince George Board of Trade. One of the most important questions in the Dominion of Canada is that of filling up our country. Prior to the War there was a great deal of money spent on railroads, hundreds of millions of dollars. There was also the concurrent expenditures of private undertakings; the war followed. . In recent years the amount of money spent on railroads is comparatively small. There was a cessation of business activities, and

export trade, and so forth, cutting trade in half.

There was also a cessation to this country of immigrants. At one time we had anywhere from 75,000 to 400,000 people per year coming into Canada. You cannot have migration to this Dominion without it creating a great deal of business. The money that was spent on railroads was spent in anticipation of population, and increase in business. Instead of that occurring, the very opposite resulted, so that it is no wonder we have unemployment.

The distance between Jasper and Prince Rupert is 700 miles, and Prince George is located between those points. There are hundreds and thousands of acres of first-class agricultural lands, but they are not filled up by any means. It is difficult to settle this land by reason of the fact that they have no large market. I am not suggesting for one moment, so far as farming is concerned, - I am speaking of farming generally, - that one should go on the land with the idea of getting rich, such as the wheat "miners" of the Prairie Provinces. Everybody knows fortunes were made by many people in the growing of wheat. But in order to fill up the land with people on a subsistence basis in very happy conditions, we can put thousands and thousands of people on our lands in this province of British Columbia - and I presume the same condition obtains elsewhere. Under those circumstances, it is so desirable in the interests of this country, that we should get more people into this country. We stand behind the submission of the Board of Trade of Prince George.

We hear the argument from time to time "What is the use of bringing more people into the country? Our own people are unemployed". If we were to wait until our own people are employed, we will have no one else in the country at all; the only increase will be the natural increase. I wrote a letter to some Empire Association

and I pointed out that I thought it would be very advantageous if the Dominion Government and the Provincial Governments and the two national railroads would get together; that surely it would be possible to work out some scheme whereby a larger number of new settlers could be brought into this country to fill it up, and thereby add to the prosperity of the railroads.

There are a number of things I would like to accentuate, but they have been gone over very thoroughly, and I do not think I will proceed any further. But again may I express appreciation of the work of your Commission, and also the Secretariat.

THE CHAIRMAN: Mr. Premier, may I, on behalf of my colleagues and myself, express our thanks and appreciation of the arrangements you made for the hearing of this Commission. Nothing that could be done for our comfort or convenience has been left undone; also, your own gracious hospitality extended to the Commission is greatly appreciated.

We will give most careful consideration to the important recommendations you have made, both in relation to British Columbia's claims for equality, and in connection with the general re-adjustment of relations between the Dominion and the Provinces. As you can understand, it is our duty to keep an open mind on all these questions until we have heard everything that is to be said, from all sources, and by those who appear before us. You can rest assured that no representations you have made will be overlooked.

HON. MR. PATTULLO: I understand, my Lord, we will have a "Free-for-all" in Ottawa on June first?

THE CHAIRMAN: I expect the Commission will sit in Ottawa, to commence its final hearing, on June 1st. We anticipate that all the governments will be represented

on that occasion, and there will be an opportunity, on the part of any Government, to answer any contention put forward by any other government which does not agree with it; and to discuss the result of the whole evidence, and make any submission to the Commission which any government may desire, on the basis of the entire evidence submitted, including evidence from our own experts, which will be put in at that time.

HON. MR. PATTULLO: May I ask this question: If the Dominion makes a submission, whether or not it will be in our hands before June 1st? I want to say, on behalf of British Columbia, we would like the Dominion Government to make a submission. If they do so, then I think we should have it in our hands before June 1st.

THE CHAIRMAN: I think if they are going to make a submission it should be in your hands before June 1st. I entirely agree with your view, Mr. Pattullo, in that respect.

This morning, when Senator Farris referred to the press, I said that we pay no attention to the press. I did not mean, by that, any disrespect to the press. I meant that we were governed in our considerations solely by the matters which appear before us. I believe the press is a most powerful and influential factor in the whole problem of disseminating information in connection with the work of this Commission, and I just want to correct any misapprehension created by that remark. - I was limiting it as far as our consideration is concerned. We are governed solely by the matters placed before us.

The Commission stands adjourned, to meet in Edmonton on Monday next, March 28th, at 2:30 P.M.

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